Promises and Price Tags: A Fiscal Guide to the 2016 Election

Committee for a Responsible Federal Budget

Contents

Executive Summary

The next president will confront a number of fiscal challenges during his or her tenure, including growing deficits, virtually unprecedented levels of debt, and an aging population. Currently, debt held by the public totals $14 trillion, or 75 percent of Gross Domestic Product (GDP), which is nearly twice the historic average and the highest share of the economy other than right after World War II. The debt is projected to grow as a share of the economy to almost 86 percent by 2026 and close to 130 percent by 2040.

This growing debt is largely the result of rising entitlement spending and growing interest costs. Social Security, federal health spending, and interest costs are projected to be responsible for over four-fifths of spending growth over the next decade, with interest being the fastest growing area of the budget.

Ever-rising levels of debt are unsustainable, meaning that at some point policymakers will need to slow spending growth, increase revenue, or do both. The national discussion surrounding and the political promises made during the 2016 election can lay the foundation for necessary changes in fiscal policy.

Encouragingly, both of the major parties' presumptive presidential nominees have highlighted the need for fiscal responsibility on the campaign trail. Unfortunately, to date neither former Secretary of State Hillary Clinton nor businessman Donald Trump has put forward a plan to address the national debt, and Mr. Trump's proposals would massively increase the debt.

Note: Since the publication of this analysis, both Clinton and Trump have released significant updates to their plans that could alter these conclusions. Read about Clinton's new plans and Trump's new plan. We will update this analysis as soon as all details of these plans have been released.

Figure 1: Key Findings By Candidate Under Our Central Estimates

	Clinton	Trump
10-Year Increase in Revenue	$1.20 trillion	-$10.50 trillion
10-Year Increase in Primary Spending	$1.40 trillion	-$0.65 trillion
10-Year Increase in Interest Costs	$0.05 trillion	$1.70 trillion
Total 10-Year Increase in Debt	**$0.25 trillion**	**$11.50 trillion**
10-Year Revenue as a Share of GDP (current law: 18.1%)	18.6%	13.6%
10-Year Spending as a Share of GDP (current law: 22.1%)	22.7%	22.5%
10-Year Deficit as Share of GDP (current law: 4.0%)	4.1%	9.0%
Debt as a Share of GDP in 2026 (current law: 86%)	**87%**	**127%**

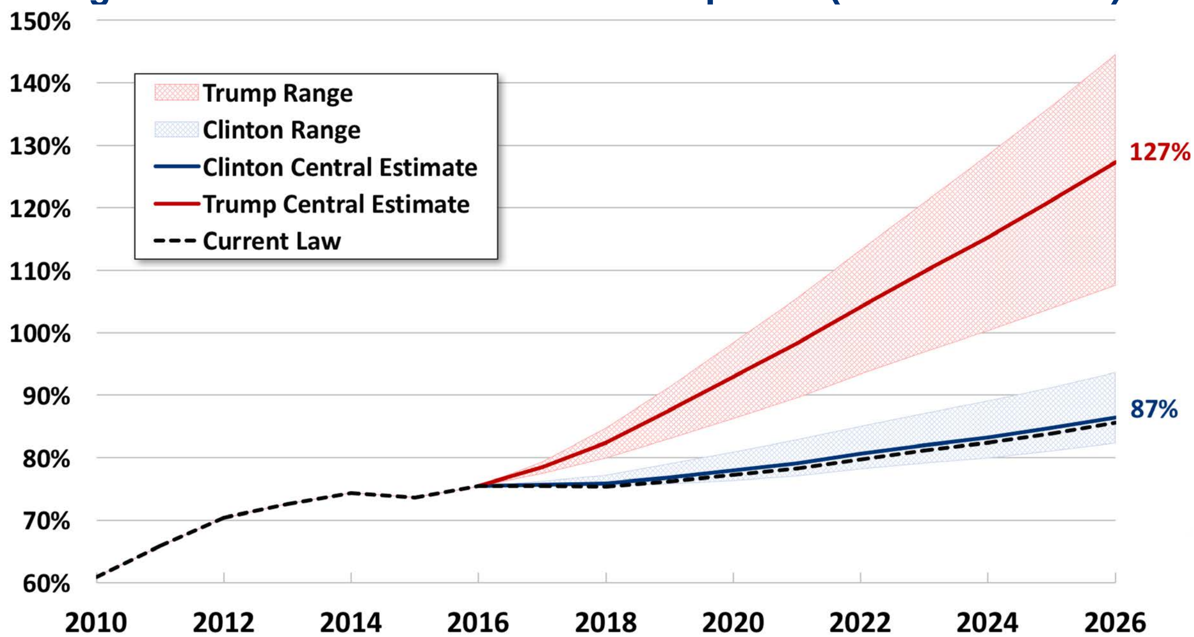
Note: numbers may not add due to rounding. Estimates relative to current law.

Fiscal FactCheck is a project of the **Committee for a Responsible Federal Budget** developed to highlight issues of fiscal importance in the 2016 presidential campaign by holding candidates accountable for fiscal claims made on the campaign trail and for the likely budgetary costs and savings of their policy proposals. In "**Promises and Price Tags: A Fiscal Guide to the 2016 Election**," we analyze the major proposals from the candidates as of June 24, 2016. Using credible outside sources as well as our own estimates for each policy, we generate a low, central, and high cost estimate of the fiscal implications of Trump's and Clinton's proposals to date. Our estimates are rough, rounded, and based on our understanding of the candidates' policy proposals and details; they do not represent a final analysis. As candidates continue to add to and clarify their policy proposals, we will continue to update our estimates.

How Do The Numbers Add Up?

According to our central estimates, both candidates would worsen the debt relative to today's level as well as projected levels under current law. The nonpartisan Congressional Budget Office (CBO) projects that, under current law, nearly $10 trillion will be added to the debt over the next ten years, bringing debt to 86 percent of GDP by 2026. Clinton would add a further $250 billion to the debt over a decade, bringing it to 87 percent of GDP by 2026. Over the same period, Trump would add $11.5 trillion, causing debt to rise to 127 percent of GDP by 2026.

Figure 2: Debt Under Candidates' Proposals (Percent of GDP)

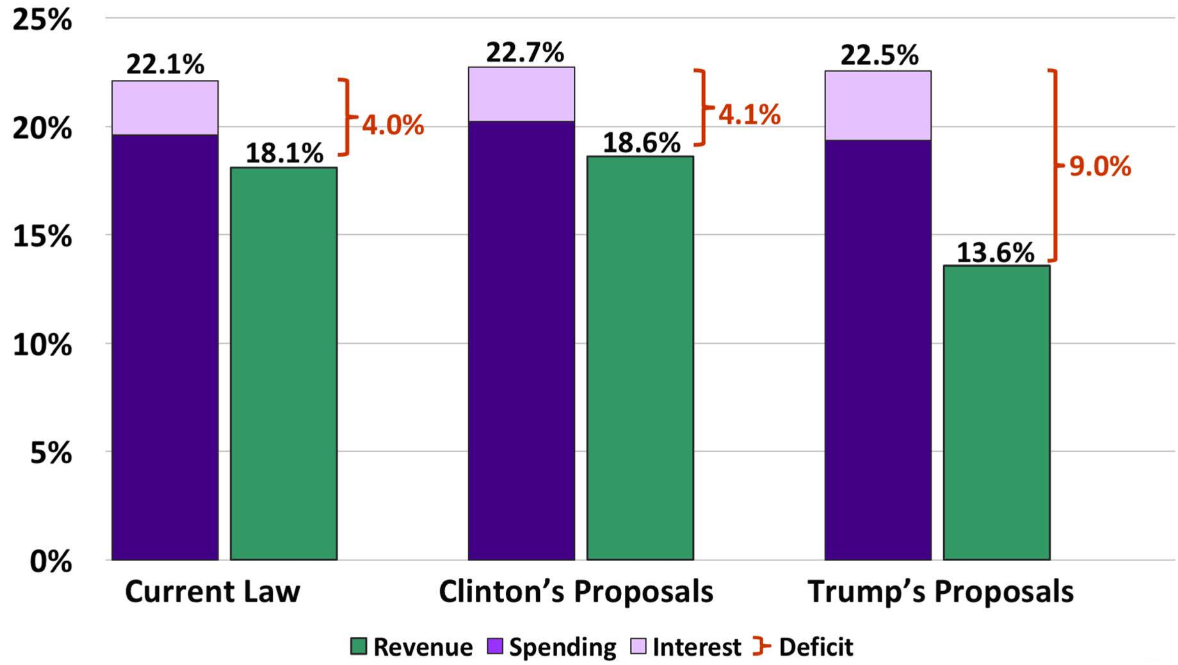


Source: Committee for a Responsible Federal Budget

For Clinton, this small increase in debt relative to current law is the result of spending increases that are largely but not entirely paid for by revenue increases. On net, Clinton would increase spending by $1.45 trillion over ten years, from 22.1 to 22.7 percent of GDP. She would also increase revenue by $1.2 trillion over ten years, from 18.1 to 18.6 percent of GDP.

For Trump, significant increases in current law debt are primarily the result of very large reductions in revenue. His plan would cut net taxes by $10.5 trillion over a decade, dropping revenue from 18.1 to 13.6 percent of GDP. He would also reduce non-interest spending by about $650 billion, but interest costs would increase due to higher debt levels and thus net spending would rise by over $1 trillion over a decade, from 22.1 to 22.5 percent of GDP.

Figure 3: Ten-Year Spending, Revenue, and Deficits By Candidate Under Our Central Estimates (Percent of GDP)



Source: CRFB calcuations, CBO projections.
Note: Spending and revenue calculations are based on CBO's 10-year projection of cumulative GDP between 2017-2026.

Most of Clinton's costs would come from spending increases in non-health, non-retirement programs. She would spend $350 billion more on college education, $300 billion more on infrastructure, another $300 billion on paid family leave, and nearly half a trillion on a variety of other initiatives. Clinton would also make several health-related changes that on net would cost about $150 billion. To offset most of these costs, Clinton proposes a variety of tax increases – mostly on higher earners and businesses – totaling $1.25 trillion.

The largest share of Trump's deficit impact comes from his proposed individual and business tax reforms, which would reduce revenue by about $9.25 trillion. His plan to reform the veterans affairs system and increase veterans' access to private doctors would cost about $500 billion. And his plans to repeal and replace the Affordable Care Act and reduce illegal immigration would cost about $50 billion each.

Figure 4: Summary of Candidates' Policy Proposals Under Central Estimates, Ten-Year Costs / Savings (-)

Proposal	Clinton	Trump
Health Policies	$0.15 trillion	$0.05 trillion
Tax Policies	-$1.25 trillion	$9.25 trillion
Spending Policies	$1.40 trillion	$0.50 trillion
Immigration Policies	-$0.10 trillion	$0.05 trillion
Social Security Policies	n/a	n/a
Subtotal, Proposals	***$0.20 trillion***	***$9.85 trillion***
Net Interest	$0.05 trillion	$1.70 trillion
Total Budgetary Impact	**$0.25 trillion**	**$11.50 trillion**
Memo: Low to High Cost Estimates	*-$0.15 to $2.20 trillion*	*$9.70 to $16.30 trillion*

Note: numbers may not add due to rounding.

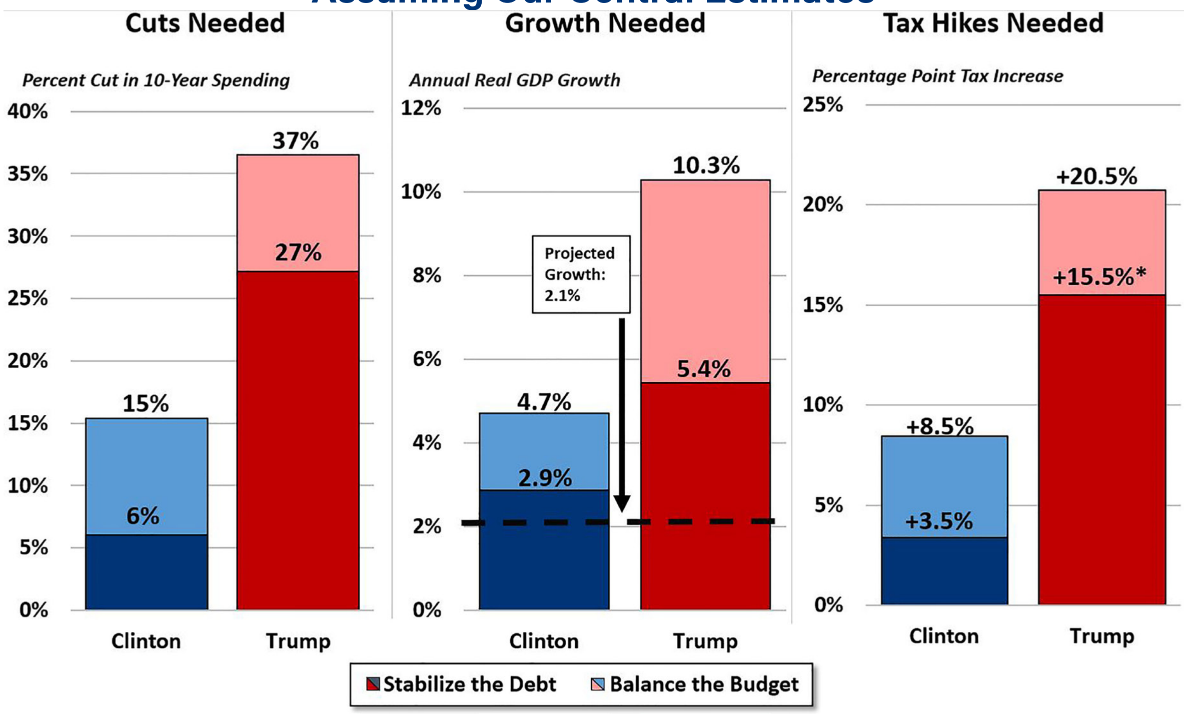
What Would It Take To Address Our Fiscal Challenges?

Assuming the enactment of either of these plans – and particularly Trump's plan – putting the budget on a sustainable path will likely prove challenging. Relative to current law, it would require $2.9 trillion to stabilize the debt as a share of GDP and $7.8 trillion to balance the budget after ten years. A responsible fiscal plan would aim to achieve a target somewhere between these two goals.

For Clinton, putting the debt on a sustainable path after enacting her plan would require cutting total spending by 6 to 15 percent, increasing all tax rates by 3.5 to 8.5 percentage points, accelerating real economic growth by 35 to 125 percent, or some combination.

For Trump, putting the debt on a sustainable path after enacting his plans would require cutting total spending by 27 to 37 percent, increasing all tax rates by 15.5* to 20.5 percentage points, accelerating real economic growth by 160 to 390 percent, or some combination.

Figure 5: Attaining Fiscal Sustainability Under the Candidates' Plans, Assuming Our Central Estimates



Source: Committee for a Responsible Federal Budget

Since both candidates have taken parts of the budget and tax code off the table, the actual task of putting the budget on a sustainable path will be more challenging. For example, were Clinton to make the debt sustainable only by increasing tax rates on income above $250,000, it would require a top income tax rate of 64 percent to stabilize the debt – likely at or above the revenue-maximizing level when other taxes are included. It would likely be impossible for her to balance the budget through tax rate increases on high earners alone.

Similarly, were Trump to make the budget sustainable by only cutting non-Social Security, non-Medicare spending, all other spending would need to be cut by 50 to 67 percent– a clearly unrealistic magnitude of spending cuts, particularly given Trump's other goals that would likely result in spending increases.

*This number has been corrected since publication.

Because of these constraints, both candidates will likely have to adjust their plans, put all areas of the budget and tax code on the table, and pursue an "all of the above" approach for deficit reduction in order to reasonably stem the growth of our national debt.

Importantly and encouragingly, both Clinton and Trump appear to understand the importance of fiscal responsibility and dealing with our national debt. As the campaign continues, we hope that their policies will become more reflective of this understanding. We also look forward to working with the next president to develop deficit-reducing tax reform, entitlement reforms, and spending changes necessary to put the budget and economy on a stronger long-term path.

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Disclaimer: Fiscal FactCheck is designed to inform the public and is not intended to express a view for or against any candidate or any specific policy proposal. Candidates' proposals should be evaluated on a broad array of policy perspectives, including but certainly not limited to their approaches on deficits and debt.

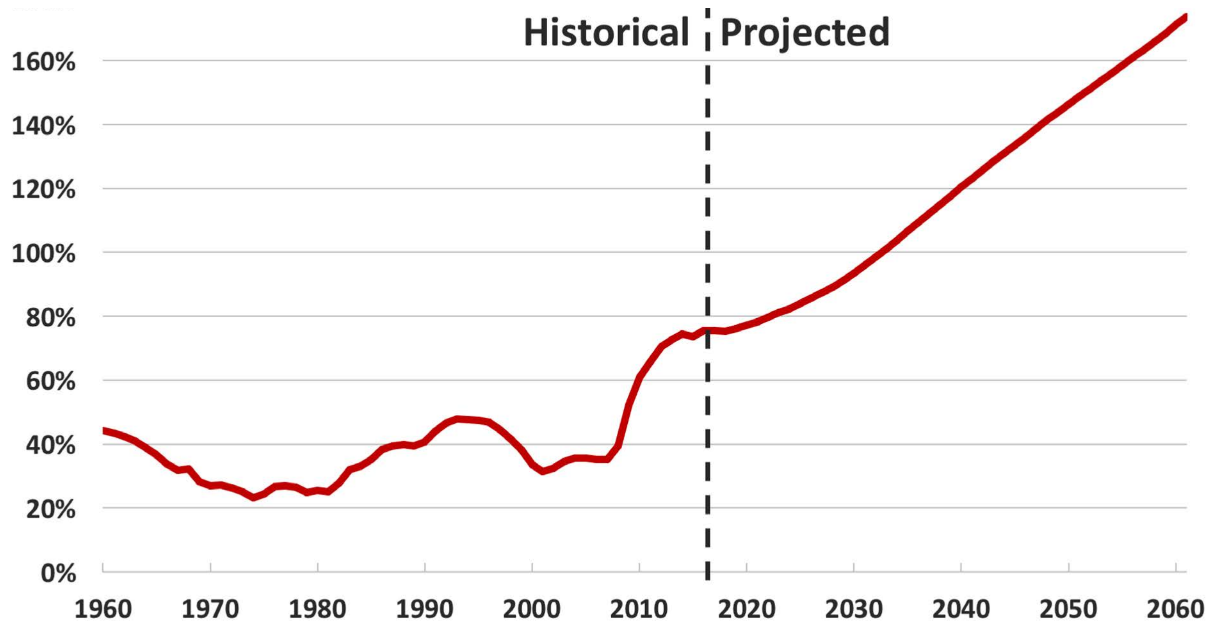
Promises and Price Tags: A Fiscal Guide to the 2016 Election

The United States faces serious fiscal challenges. Budget deficits are projected to rise for the foreseeable future, the post-war record-high national debt is growing unsustainably, and Social Security and Medicare are headed toward insolvency.

The national debt held by the public currently stands at about $14 trillion or 75 percent of Gross Domestic Product (GDP), the highest it has been at any point in history other than around World War II. Of even greater concern is the fact that debt is projected to keep growing. According to the non-partisan Congressional Budget Office (CBO) – the government's official scorekeeper – debt under current law will rise as a share of the economy to almost 86 percent by 2026 and close to 130 percent by 2040. CBO describes this as "a trend that would ultimately be unsustainable," explaining that "[s]uch high and rising debt relative to the size of the economy would dampen economic growth" and will have a number of further negative consequences.

The mounting national debt will inevitably constrain the next president's policy choices by raising interest costs and increasing the pressure for spending cuts and tax increases. Meanwhile, the growth of mandatory spending – mainly on Social Security and health care – is increasingly crowding out discretionary spending in areas such as defense, education, and research. In fact, by 2027 mandatory spending and interest will consume all projected federal revenue – requiring the rest of the budget to be entirely deficit-financed.

Figure 6: Current Law Debt Projections (Percent of GDP)



Sources: CBO and Office of Management and Budget.

These challenges are serious but far from insurmountable. The next President of the United States has the opportunity to put forward a plan or set of plans to slow the growth of the debt, restore solvency to entitlement programs, reprioritize spending, reform the tax code, and accelerate economic growth. But the stage should be set for these changes during the presidential election.

Throughout the 2016 campaign, the Committee for a Responsible Federal Budget has been analyzing the budgetary implications of claims and policies of presidential candidates through our Fiscal FactCheck project. This report is our first comprehensive analysis comparing the two presumptive major-party nominees, former Secretary of State Hillary Clinton and businessman Donald Trump. Appendix I briefly discusses other candidates.

Both presumptive nominees have expressed concern over rising debt levels – or at least a desire not to worsen our fiscal situation. Yet, based on our detailed analyses of their campaign websites, neither Secretary Clinton nor Mr. Trump would put debt on a sustainable path or even hold it constant at today's level.

Under our central estimates, we find that Clinton would add $250 billion to the debt and Trump would add $11.5 trillion. As a result, debt would rise from 75 percent of GDP today to 87 percent of GDP by 2026 under Clinton's proposals and 127 percent under Trump's proposals.

Using a broader range of estimates, debt would rise to between 82 and 94 percent of GDP by 2026 under Clinton's proposals and between 108 and 145 percent under Trump's proposals.

Rising debt would ultimately slow wage growth, raise interest rates, leave the country less equipped to deal with a national crisis, and set the stage for abrupt and painful adjustments in the future. We hope that as the election continues the candidates take this threat seriously and announce concrete steps to put it on a more sustainable path.

Hillary Clinton, Democratic Presidential Candidate

Hillary Clinton would increase both spending and taxes, adding about $250 billion to the debt over ten years under our central estimate. Her largest initiatives include new spending on health care, infrastructure, education, and paid leave. The majority of her revenue increases would come from higher earners.

Under our low cost estimate, which incorporates still-unspecified business tax revenue and relies on different estimates in some cases, Clinton's plan would reduce 10-year deficits by $150 billion. Under our high cost estimate, which among other things incorporates Clinton's call for sequester relief and uses the Tax Foundation's estimate of her tax plan instead of the Tax Policy Center's estimate, nearly $2.2 trillion would be added to the debt.

Note: Since the publication of this analysis, Clinton has released expansions on her health and college proposals. [Read more about these policy expansions.]

Figure 7: Summary of Hillary Clinton's Major Campaign Proposals

Major Proposal	CRFB Estimated 10-Year Cost / Savings (-)		
	Low	Central	High
HEALTH POLICIES			
Expand Affordable Care Act coverage provisions	$0.30 trillion	$0.30 trillion	$0.45 trillion
Repeal the Cadillac Tax	$0.10 trillion	$0.10 trillion	$0.10 trillion
Reduce prescription drug costs, allow for a "public option," and enact other reforms	-$0.20 trillion	-$0.20 trillion	-$0.20 trillion
Limit deductibility of prescription drug advertising	-$0.05 trillion	-$0.05 trillion	-$0.05 trillion
Subtotal, Impact of Health Policies	***$0.15 trillion***	***$0.15 trillion***	***$0.30 trillion***
TAX POLICIES			
Increase individual income taxes on higher earners	-$0.85 trillion	-$0.80 trillion	-$0.50 trillion
Increase various business taxes	-$0.45 trillion	-$0.20 trillion	-$0.20 trillion
Increase and reform the estate tax	-$0.20 trillion	-$0.15 trillion	-$0.10 trillion
Impose a fee on financial institutions	-$0.10 trillion	-$0.10 trillion	-$0.10 trillion
Subtotal, Impact of Tax Policies	***-$1.60 trillion***	***-$1.25 trillion***	***-$0.90 trillion***
SPENDING POLICIES			
Enact "New College Compact"	$0.35 trillion	$0.35 trillion	$0.35 trillion
Expand early childhood education and childcare	$0.20 trillion	$0.20 trillion	$0.55 trillion
Increase infrastructure spending	$0.30 trillion	$0.30 trillion	$0.30 trillion
Expand paid family leave and enact related policies	$0.30 trillion	$0.30 trillion	$0.35 trillion
Invest in energy and research	$0.10 trillion	$0.10 trillion	$0.10 trillion
Support economic revitalization	$0.10 trillion	$0.10 trillion	$0.10 trillion
Increase funding for and reform veterans programs	$0.05 trillion	$0.05 trillion	$0.05 trillion
Repeal the "sequester" on defense spending	n/a	n/a	$0.45 trillion
Repeal the "sequester" on nondefense spending	n/a	n/a	$0.30 trillion
Subtotal, Impact of Spending Policies	***$1.40 trillion***	***$1.40 trillion***	***$2.55 trillion***
IMMIGRATION POLICIES			
Enact comprehensive immigration reform	-$0.10 trillion	-$0.10 trillion	-$0.10 trillion
Subtotal, Impact of Immigration Policies	***-$0.10 trillion***	***-$0.10 trillion***	***-$0.10 trillion***
SOCIAL SECURITY POLICIES			
Insufficient detailed proposals to date	n/a	n/a	n/a
Subtotal, Impact of Social Security Policies	***n/a***	***n/a***	***n/a***
Net Interest Costs	*	***$0.05 trillion***	***$0.35 trillion***
Budgetary Impact of Clinton's Major Proposals	-$0.15 trillion	**$0.25 trillion**	$2.20 trillion
Addendum: Debt-to-GDP in 2026	***82%***	***87%***	***94%***

Note: numbers may not add due to rounding.
**Indicates that this proposal would cost or save less than 50 billion over ten years.*
"n/a" indicates that a proposal had insufficient detail for us to score.

Donald Trump, Republican Presidential Candidate

Donald Trump would dramatically reduce taxes for most Americans while maintaining spending relatively near its current levels. As a result, under our central estimate, he would add $11.5 trillion to the debt through 2026. His largest initiatives include a comprehensive individual and business income tax reform plan as well as plans to repeal and replace the Affordable Care Act ("Obamacare"), reduce illegal immigration, block grant Medicaid, and expand veterans' benefits.

Under our low cost estimate – which incorporates some dynamic scoring, assumes a more aggressive Medicaid plan, and includes the revenue from increased tariffs on Mexico and China – Trump would add $9.7 trillion to the debt. Under our high cost estimate, which uses the Tax Foundation's estimate of his tax plan instead of the Tax Policy Center's estimate and makes several different policy assumptions, he would add $16.3 trillion to the debt.

Note: Since the publication of this analysis, Trump has released a revised verison of his tax plan that is not reflected here. Read about the changes to Trump's plan. We will work on updating this analysis to reflect these changes as soon as more details are made available.

Figure 8: Summary of Donald Trump's Major Campaign Proposals

Major Proposal	CRFB Estimated 10-Year Cost / Savings (-)		
	Low	Central	High
HEALTH POLICIES			
Repeal the Affordable Care Act ("Obamacare")	$0.25 trillion	$0.50 trillion	$0.50 trillion
Allow individuals to deduct health insurance premiums and expand HSAs	$0.10 trillion	$0.10 trillion	$0.10 trillion
Reduce prescription drug costs, allow insurance sales across state lines, and enact other reforms	-$0.15 trillion	-$0.05 trillion	-$0.05 trillion
Block grant Medicaid	-$1.05 trillion	-$0.50 trillion	*
Subtotal, Impact of Health Policies	***-$0.85 trillion***	***$0.05 trillion***	***$0.55 trillion***
TAX POLICIES			
Reduce and reform individual income taxes	$6.50 trillion	$6.50 trillion	$10.00 trillion
Reduce and reform business/corporate income taxes	$2.55 trillion	$2.55 trillion	$1.35 trillion
Repeal the estate tax	$0.20 trillion	$0.20 trillion	$0.25 trillion
Subtotal, Impact of Tax Policies	***$9.25 trillion***	***$9.25 trillion***	***$11.60 trillion***
SPENDING POLICIES			
End Common Core	*	*	*
Implement an America First Energy Plan and invest in infrastructure	*	*	*
Reform the veterans affairs system	$0.50 trillion	$0.50 trillion	$1.00 trillion
Rebuild the military	n/a	n/a	$0.45 trillion
Reform trade relations	-$0.65 trillion	n/a	n/a
Subtotal, Impact of Spending Policies	***-$0.15 trillion***	***$0.50 trillion***	***$1.45 trillion***
IMMIGRATION POLICIES			
Reduce illegal immigration	$0.05 trillion	$0.05 trillion	$0.35 trillion
Subtotal, Impact of Immigration Policies	***$0.05 trillion***	***$0.05 trillion***	***$0.35 trillion***
SOCIAL SECURITY POLICIES			
Reduce Social Security fraud	*	*	*
Subtotal, Impact of Social Security Policies	*	*	*
Net Interest Costs	***$1.40 trillion***	***$1.70 trillion***	***$2.35 trillion***
Budgetary Impact of Donald Trump's Major Proposals	$9.70 trillion	**$11.50 trillion**	$16.30 trillion
Addendum: Debt-to-GDP in 2026	***108%***	***127%***	***145%***

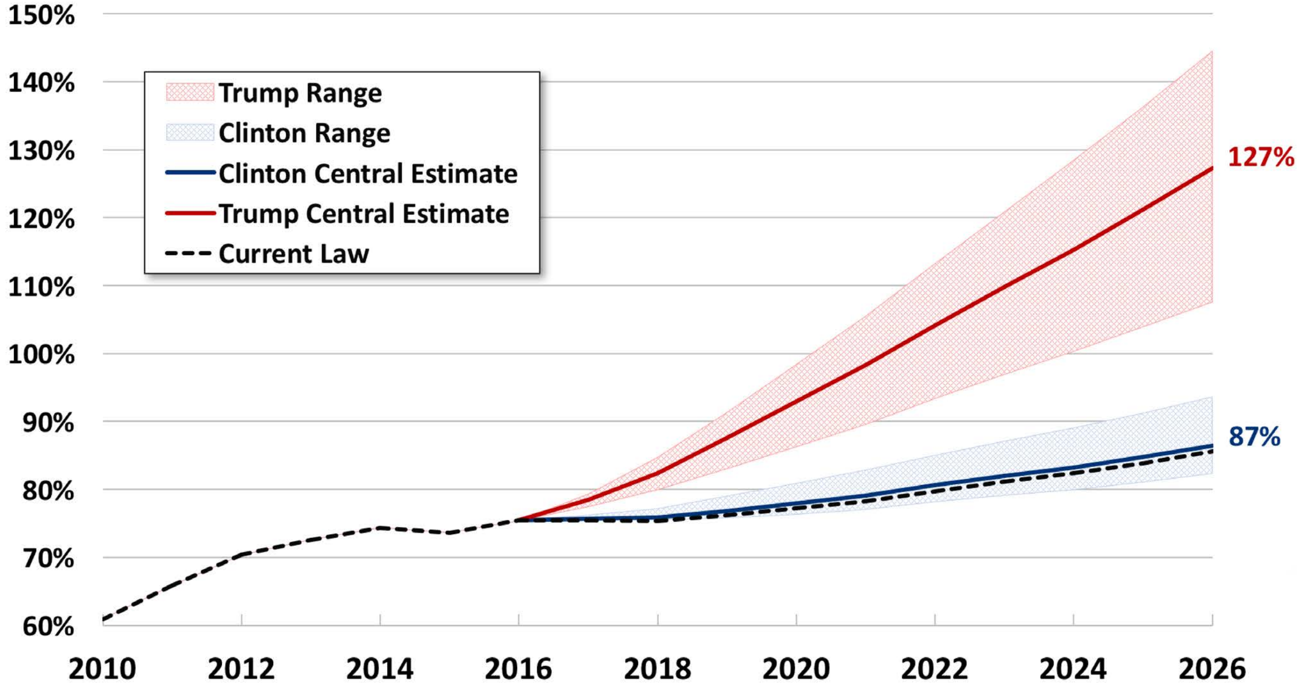
Note: numbers may not add due to rounding.
**indicates that this proposal would cost or save less than 50 billion over ten years.*
"n/a" indicates that a proposal had insufficient detail for us to score.

Spending, Revenue, Deficits, and Debt Under the Candidates' Plans

Under the policies of both presidential candidates, debt would grow from today's post-war record-high, though at different paces. Under current law, debt held by the public is projected to rise from 75 percent of GDP ($13.9 trillion) today to just under 86 percent ($23.7 trillion) by 2026. Based on our central estimate, debt would rise to nearly 87 percent of GDP ($23.9 trillion) by 2026 under Secretary Clinton's policies and 127 percent of GDP ($35.2 trillion) under Mr. Trump's policies.

In both cases, debt would be well in excess of historical averages – about 40 percent of GDP over the last half century – though Clinton's policies would be roughly in line with current law projections. Based on our low and high cost estimates, debt in 2026 would be between 82 and 94 percent of GDP under Clinton's policies and between 108 and 145 percent of GDP under Trump's policies.

Figure 9: Debt Under Candidates' Proposals (Percent of GDP)



Source: Committee for a Responsible Federal Budget

Deficits would also rise from current levels under both candidates' plans. Under current law, CBO projects deficits as a share of GDP to nearly double between 2015 and 2026, rising from 2.5 percent of GDP ($438 billion) in 2015 to 4.9 percent of GDP ($1.3 trillion) by 2026.

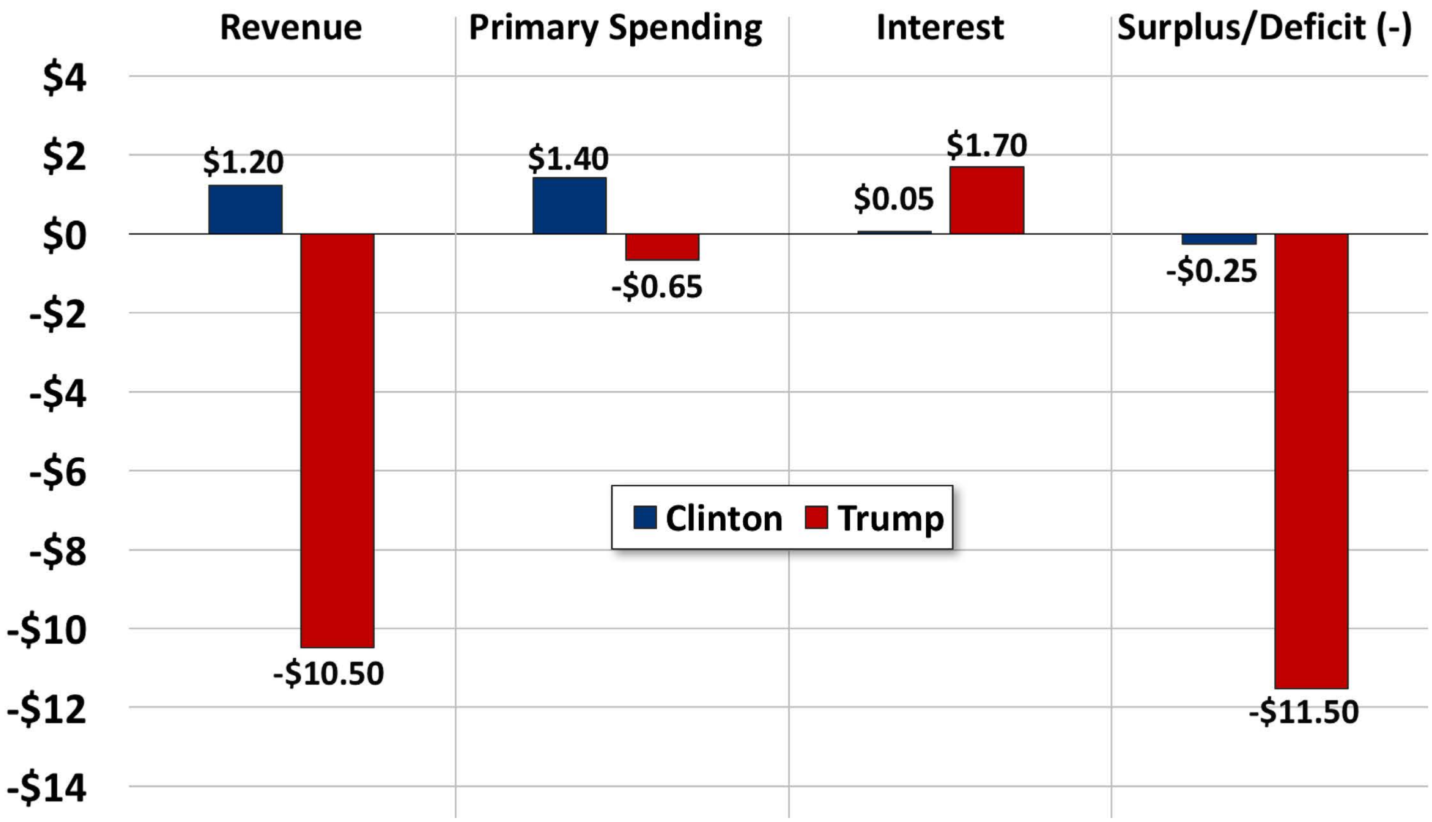
As a result, CBO projects deficits over the next decade to total $9.3 trillion, or 4.0 percent of GDP. By comparison, deficits would be higher under both candidates' plans. Under our central estimates, deficits would total $9.55 trillion, or 4.1 percent of GDP, assuming the enactment of Clinton's policies and $20.8 trillion, or 9.0 percent of GDP, under Trump's policies.

Deficits would total $9.55 trillion, or 4.1 percent of GDP, assuming the enactment of Clinton's policies and $20.8 trillion, or 9.0 percent of GDP, under Trump's policies.

These higher deficits are the result of tax and spending changes under the candidates' plans. Under our central estimate, Clinton would increase spending by over $1.45 trillion on net (including about $50 billion of interest) over ten years while increasing revenue by over $1.2 trillion. Meanwhile, Trump would increase spending by over $1 trillion (all of which is attributed to the $1.7 trillion in interest costs net of his spending reductions) over ten years while reducing revenue by $10.5 trillion.

As a result, both spending and revenue would rise above current law levels under Clinton's plans, while Trump's plans would see spending above current law (though primary spending below current law) and revenue far below it.

Figure 10: Ten-Year Change in Fiscal Metrics By Candidate Under Our Central Estimates (Trillions of Dollars)

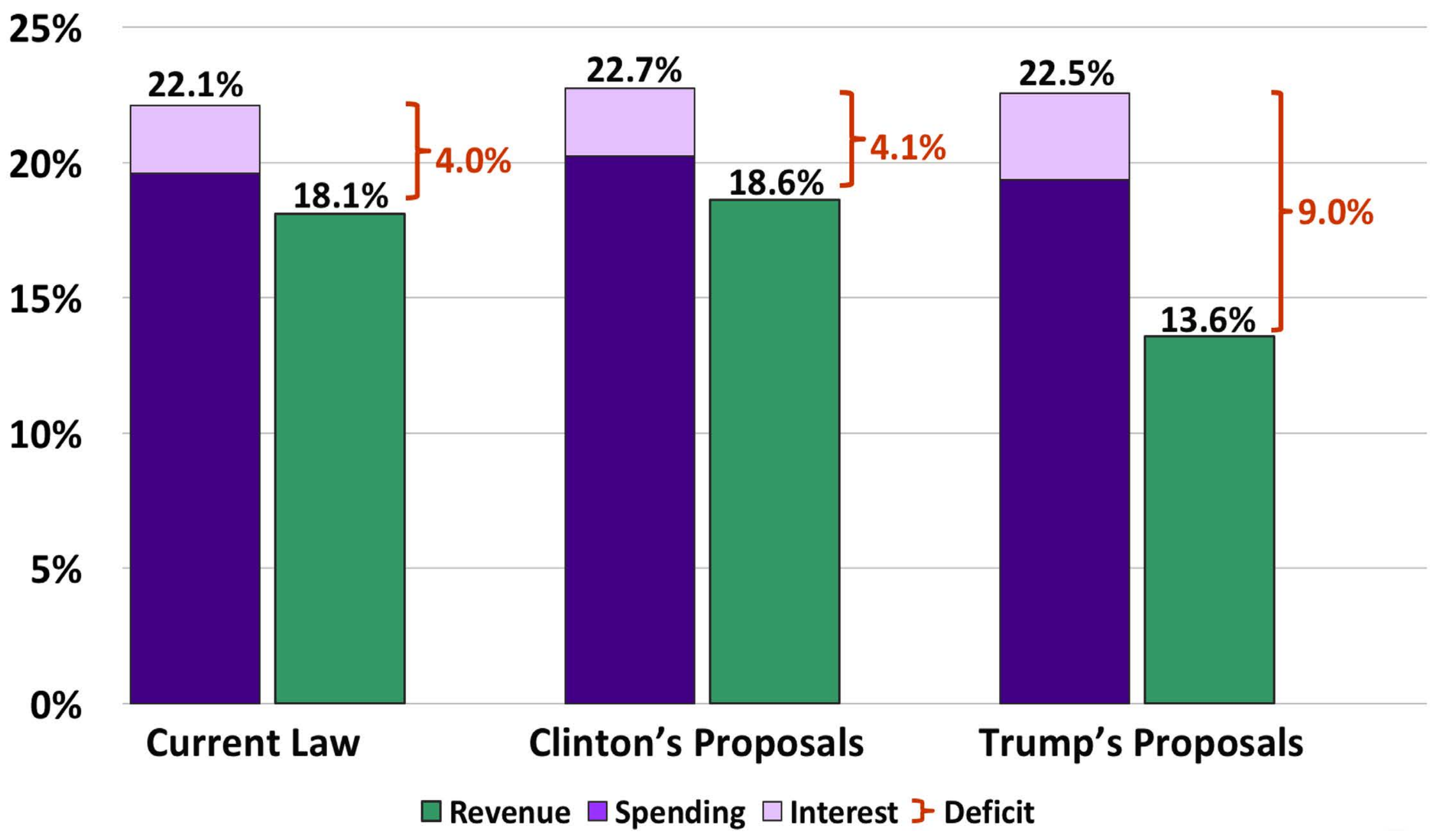


Source: Committee for a Responsible Federal Budget

Under current law, spending and revenue are projected to average 22.1 and 18.1 percent of GDP over the next decade. Based on our central estimate of Clinton's plans, they would average 22.7 and 18.6 percent of GDP, respectively, meaning both spending and revenue would rise by about half a percent of GDP. Meanwhile, spending under Trump's plans would total 22.5 percent of GDP and revenue would total 13.6 percent of GDP – with additional spending coming entirely from higher interest costs.

For historical context, spending has averaged 20.2 percent of GDP over the previous half century, while revenue has averaged 17.4 percent of GDP.

Figure 11: Ten-Year Spending, Revenue, and Deficits By Candidate Under Our Central Estimates (Percent of GDP)



Source: CRFB calcuations, CBO projections.
Note: Spending and revenue calculations are based on CBO's 10-year projection of cumulative GDP between 2017-2026.

Adding Up the Candidates' Policy Proposals

"Promises and Price Tags: A Fiscal Guide to the 2016 Election" summarizes the spending and revenue proposals as of June 24, 2016 of Hillary Clinton and Donald Trump, the presumptive nominees for president for the two major parties. Below, we describe and provide estimates for their various proposals related to health, tax, spending, immigration, and Social Security policy.

Although we focus on the presumptive nominees of the major parties, a brief discussion of other candidates is provided in Appendix I of this paper.

Rather than focus on the full universe of policy ideas discussed on the campaign, this analysis generally incorporates the sets of policies described on the candidates' official campaign websites which could have a significant overall fiscal impact.

Our estimates are largely based on respected nonpartisan sources such as the Congressional Budget Office (CBO) and Tax Policy Center (TPC), though we also often rely on the campaign's own estimates (if we find them plausible based on our own rough estimate) or on our own estimates.

For each candidate, we evaluate policies under a low, central, and high cost estimate. The three estimates use different assumptions about costs and savings based on the available details of each policy, different estimates from reputable estimating bodies, and the difference between static and dynamic scores where available. When high or low cost estimates differ from our central estimate, we present all three estimates with the central estimate in the middle in bold. For example, a policy that is estimated to cost $0, $50 billion, or $100 billion would be presented as "$0 billion/**$50 billion**/$100 billion."

All of our estimates are extremely rough and rounded. And they are subject to change as new information about the policy or the estimate are made available.

The Committee for a Responsible Federal Budget does not endorse any candidate or any candidate's policies. We will continue to update our estimates based on further details as they are released.

A more detailed explanation of our overall methodology as well as sources and estimates for each proposal are available in Appendix II.

Health Policies

Federal health spending on Medicare, Medicaid, and insurance subsidies combine to be the largest and fastest growing part of the (non-interest) federal budget, with spending growth driven by an aging population, rising health care cost growth, and the implementation of the Affordable Care Act coverage provisions. Although both Secretary Clinton and Mr. Trump would enact significant changes to the health care system, those changes would take very different forms – and neither would fundamentally change the underlying trajectory of health care cost growth.

Clinton would expand the Affordable Care Act ("Obamacare") by increasing Medicaid and insurance subsidy spending. At the same time, she would reduce Medicare spending in certain areas – particularly for prescription drugs. Trump, meanwhile, would repeal and replace the Affordable Care Act and block-grant Medicaid. The result would be a reduction in Medicaid and insurance subsidy costs but an increase in Medicare costs due to the elimination of the Medicare cuts from the Affordable Care Act.

Figure 12: Ten-Year Cost of the Candidates' Health Policies (Central Estimates)

Proposal	Clinton	Trump
Affordable Care Act ("Obamacare") changes	$0.30 trillion	$0.50 trillion
Changes to tax treatment of health insurance	$0.10 trillion	$0.10 trillion
Drug cost reductions, insurance market reforms, and other changes	-$0.20 trillion	-$0.05 trillion
Tax deductibility of advertising costs	-$0.05 trillion	n/a
Medicaid block grants	n/a	-$0.50 trillion
Subtotal, Impact of Heath Care Policies	**$0.15 trillion**	**$0.05 trillion**
Memo: Low to High Cost Estimates	*$0.15 to $0.30 trillion*	*-$0.85 to $0.55 trillion*

Note: Positive numbers represent increase in deficits; negative numbers represent reduction. Estimates include both tax and spending effects.

Hillary Clinton's Health Policies

In total, our central estimate finds Secretary Clinton's health care proposals would cost $150 billion on net, though under our high cost estimate her plans could cost as much as $300 billion. This includes about $100 billion of net spending increases ($300 billion of costs, $200 billion of savings) and $50 billion of net revenue losses ($100 billion of tax cuts, $50 billion of new revenue).

Expand Affordable Care Act coverage provisions $300 billion/**$300 billion/**$450 billion

Clinton would expand the Affordable Care Act in a number of ways. First, she would offer federal support to states to expand Medicaid in order to cover the full costs of newly eligible Medicaid enrollees during the first three years of expansion, regardless of when the state chooses to expand. (This is the same funding that states that have already expanded Medicaid have received.) She would also spend $500 million per year on outreach efforts to enroll the 16 million people who are eligible for Medicaid or exchange subsidies but are not yet enrolled. Additionally, Clinton's plan would expand existing insurance subsidies by limiting any out-of-pocket premium costs to 8.5 percent of income, fixing the so-called "family glitch" to calculate affordable health care plans for families rather than individuals, and increasing premium subsidies more broadly. Finally, Clinton would establish a new refundable tax credit to cover a portion of out-of-pocket health and premium costs above 5 percent of income for up to $5,000 per family. *Since the publication of this analysis, Clinton has released an expansion of her health proposal not reflected in this description. Read more about this policy expansion.*

Repeal the Cadillac Tax **$100 billion**

Clinton supports repealing the "Cadillac Tax," a 40 percent excise tax on a portion of high cost employer-sponsored health insurance plans. The tax was enacted as part of the Affordable Care Act and designed to both generate revenue and help constrain health care costs by offsetting the current tax subsidy for employer-provided health insurance. The tax was originally set to take effect in 2018, but Congress recently delayed its implementation to 2020. Clinton supports eliminating the tax in its entirety.

Reduce prescription drug costs, allow for a "public option," and enact other reforms **-$200 billion**

Clinton would enact changes designed to reduce prescription drug prices in Medicare Part D and elsewhere. She would require drug manufacturers to lower certain prices in Medicare Part D plans by imposing minimum rebates in order to participate in Medicare, lower barriers to importing drugs from abroad, prohibit pay-for-delay agreements between generic and brand-name drug makers, and lower the patent exclusivity period for specialty biologics. More details about this plan are available in our explainer of her prescription drug plan. Clinton would also reduce federal health costs by allowing and encouraging states to offer a "public option" in health insurance exchanges and by pursuing payment reforms and anti-fraud measures in the Medicare program. Without more details, we assume Clinton will adopt the Accountable Care Organization, bundled payment, and anti-fraud reform policies proposed in President Obama's most recent budget.

Limit deductibility of prescription drug advertising and enact reforms **-$50 billion**

Under current law, businesses generally pay taxes on their profit, which means they can deduct expenses like advertising costs. Clinton would disallow the deductibility of advertising costs by prescription drug manufacturers in an effort to reduce direct-to-consumer advertising. In addition, Clinton would reform prescription drug advertising by creating a program in the Food and Drug Administration – funded through

Subtotal, Impact of Clinton's Health Policies $150 billion/**$150 billion**/$300 billion

Donald Trump's Health Policies

In total, our central estimate finds Mr. Trump's health policies would cost about $50 billion – though depending on the details and scoring practices, his plans could save more than $850 billion or cost more than $550 billion. Our central estimate incorporates $1.25 trillion in net spending cuts ($950 billion of costs, $2.2 trillion of savings), and nearly $1.3 trillion less in revenue. More details, including the insurance coverage effects, are available in our full analysis of Trump's health care plan.

Repeal the Affordable Care Act ("Obamacare") $250 billion/**$500 billion**/$500 billion

Trump would repeal the entire Affordable Care Act ("Obamacare"), which we assume to mean all of the Affordable Care Act regulations, subsidies, Medicaid expansion, Medicare savings, and tax increases. Based on CBO's score of legislation repealing the law, we estimate there would be $1.65 trillion less spending on insurance coverage. However, this would be more than offset by eliminating nearly $950 billion of Medicare savings and more than $1.2 trillion of revenue increases (including those related to coverage). Repealing the Affordable Care Act would also promote economic growth. Incorporating economic feedback effects would reduce the net cost nearly in half.

Allow individuals to deduct health insurance premiums and expand HSAs **$100 billion**

Currently, employer-provided health insurance is excludable from income, while employee-paid premiums and health insurance premiums paid by the self-employed are tax-deductible. However, health insurance otherwise bought on the individual market is generally not deductible. Trump would equalize the tax treatment between individually-purchased and employer-provided health insurance by creating a tax deduction for individuals buying their own health insurance. He would also promote the use of Health Savings Accounts (HSAs).

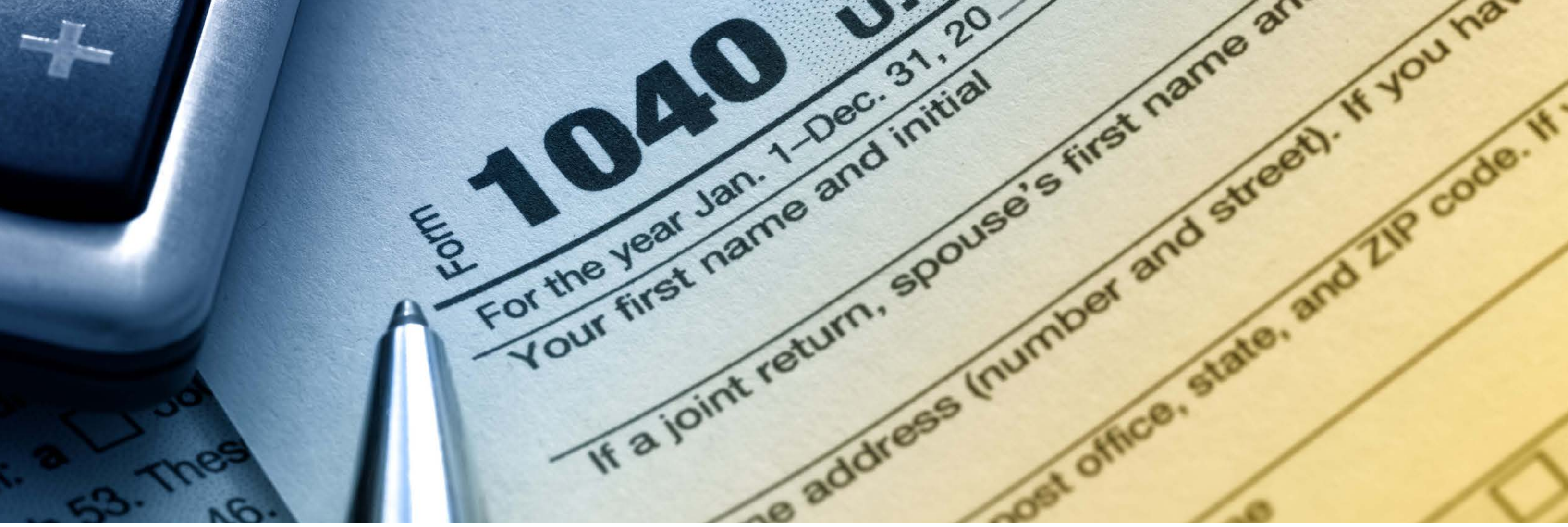
Reduce prescription drug costs, allow insurance sales across state lines, and enact other reforms -$150 billion/**-$50 billion**/-$50 billion

Trump would open access to prescription drugs from abroad by lowering barriers to importation, and he would eliminate barriers to buying health insurance across state lines by granting national licensing reciprocity to an insurance company if it complies with all the laws of the state in which it's licensed. He would enhance price transparency requirements among all health care providers to increase consumer awareness. Although not on his website, Trump has also called for Medicare to negotiate prices directly with drug companies, but this would generate little in terms of savings without the ability to remove drugs from coverage. In our low cost estimate, we assume negotiation would either include the ability to remove drugs from coverage or else set prices by regulation rather than negotiation.

Block grant Medicaid -$1.05 trillion/**-$500 billion**/$0 trillion

Trump has called for block-granting funding for Medicaid to states, allowing states to determine how Medicaid funds should be spent. Depending on the size and growth rate of the block grants, this policy could save virtually any amount of money – or could even add to federal costs. Although he implies savings by saying it will help states to eliminate waste, fraud, and abuse, no details have been given on the specifics of the policy. If the goal is simply to give states more flexibility to better control costs and expand coverage, one might design a block grant with spending roughly in line with current projections. Conversely, if the goal is to save money, one might spend substantially less – the proposed FY 2017 House budget would save more than $1 trillion over ten years. Though we have insufficient information to provide a reasonable estimate, we assume a middle-ground consistent with setting the initial block grants at current levels and then growing them at about the rate of inflation. Read more about block-granting Medicaid in our full analysis of Trump's health care plan.

Subtotal, Impact of Trump's Health Policies -$850 billion/**$50 billion**/$550 billion



Tax Policies

Most government spending is funded from taxes. Federal taxes include a progressive system of income taxes, payroll contributions used to fund Social Security and Medicare, corporate income taxes, estate taxes, and excise taxes, such as those on fuel and tobacco. Under current law, these and other revenue sources are projected to cover about four-fifths of projected spending over the next decade, with the remainder paid for with borrowed funds. Secretary Clinton would increase taxes to pay for new spending, while Mr. Trump would reduce taxes.

Clinton would maintain much of the structure of the current tax system, adding a series of additional tax increases that would mostly apply to higher earning individuals along with a few targeted tax cuts for specific groups. Trump, on the other hand, has proposed comprehensive income tax reform that would dramatically lower rates on individual and business income, partially offset with base broadening.

Figure 13: Ten-Year Cost of Candidates' Tax Policies (Central Estimates)

Proposal	Clinton	Trump
Individual income tax changes (non-business)	-$0.80 trillion	$6.50 trillion
Business tax changes (corporate and pass-through)	-$0.15 trillion	$2.55 trillion
Estate tax changes	-$0.15 trillion	$0.20 trillion
Financial institution fee	-$0.10 trillion	n/a
Subtotal, Impact of Tax Policies	**-$1.25 trillion**	**$9.25 trillion**
Memo: Low to High Cost Estimates	*-$1.60 to -$0.90 trillion*	*$9.25 to $11.60 trillion*

Note: Positive numbers represent increase in deficits; negative numbers represent reduction.

Hillary Clinton's Tax Policies

Secretary Clinton's tax plan would raise $1.25 trillion of revenue on net under our central estimate, largely through increased taxes from businesses and wealthy households. This excludes the tax changes in her health and childcare plans. Clinton has also called for another $275 billion of revenue from business tax reform, though she has not provided any detail as to how she would generate the revenue, so it is not counted in our totals. Under our low cost estimate, which incorporates this revenue and relies on alternate scoring sources, Clinton would raise $1.6 trillion from her tax policies. Under our high cost estimate, she would raise $900 billion. *Since the publication of this analysis, Clinton has released an additional tax proposal not reflected in this description.* *Read more about this additional tax proposal.*

Increase individual income taxes on higher earners -$850 billion/**-$800 billion**/-$500 billion

Clinton would increase taxes paid by higher earners, both by increasing tax rates and by reducing tax preferences. In general, these changes would only affect households making more than $250,000, as Clinton has promised not to raise taxes on households making below that threshold. Specific policies include:

- **Limit the value of tax breaks to the 28 percent bracket (***-$400 billion***)** – By reducing the amount of income subject to taxes, tax deductions effectively provide a larger subsidy to those in higher brackets. For example, $1 of mortgage interest deduction results in 39.6 cents of tax savings for someone in the top tax bracket but only 10 cents of savings for someone in the bottom bracket. Clinton would limit the value of most itemized deductions and some tax exclusions to the 28 percent tax bracket, meaning those in higher brackets would receive no more than a 28-cent subsidy per dollar. The charitable deduction would be exempt from this limit, though the employer-provided health insurance tax exclusion would be included, as would several other tax exclusions.

- **Reform capital gains taxation (***-$100 billion***)** – Currently, capital gains held for less than a year are generally taxed as ordinary income (with a top rate of 43.4 percent – the top individual rate of 39.6 percent plus a 3.8 percent surtax). Those held longer than a year are taxed at a preferential rate (with a top rate of 23.8 percent – 20 percent plus a 3.8 percent surtax). Clinton would increase capital gains rates on higher earners by offering the full preferential rate only to assets held for longer than six years, phasing down the rate between the second and sixth year. She would also tax carried interest as ordinary income.

- **Enact a minimum tax, surtax, and other tax increases on high earners (***-$300 billion***)** – Clinton has proposed a number of tax increases targeted at higher earners. Most significantly, she supports a 30 percent minimum tax ("Buffett Rule") on taxpayers with income above $2 million (phased in starting at $1 million) and a 4 percent surtax on income above $5 million. In addition, she would work to reduce the tax gap (including by increasing IRS enforcement), limit tax-preferred contributions to retirement accounts that have large balances, and close the tax advantage known as the Bermuda reinsurance loophole, which allows investment managers to avoid taxation by channeling investments through insurance companies in lower-tax nations like Bermuda. Read more about her taxes on high earners in our full explainer.

Increase various business taxes -$450 billion/**-$200 billion**/-$200 billion

Clinton has proposed several new or increased taxes on businesses. She would aim to discourage businesses from moving overseas by imposing an exit tax on earnings held abroad when a company chooses to relocate overseas, increasing the threshold to 50 percent for foreign ownership in order for a business to no longer be considered a U.S. company, deterring earnings stripping, and implementing a "clawback" proposal to rescind tax breaks for companies that outsource jobs. She would also reform performance-based tax deductions for highly-paid executives and eliminate several tax breaks for fossil fuels, including targeted tax breaks like expensing for intangible drilling and more broadly available breaks such as the domestic production activities deduction. Clinton would also work to reduce the tax gap, much of which would likely involve increased tax collection from pass-through entities. In addition, the Clinton campaign has called for broad business tax reform, though it has yet to offer any details other than a revenue target of $275 billion.

Increase and reform the estate tax
-$200 billion/**-$150 billion**/-$100 billion

Clinton would increase estate taxes on very large inheritances by lowering the exemption from the tax from $5.45 million to $3.5 million (doubled for couples), increasing the rate from 40 percent to 45 percent, and making other changes. Effectively this would reverse the estate tax to its 2009 parameters. Her plan would also close other estate tax loopholes that allow many individuals to circumvent the tax.

Impose a fee on financial institutions
-$100 billion

Clinton would impose a risk fee on banks with more than $50 billion in assets as well as other financial institutions that regulators designate for additional oversight. The fee would be assessed on a sliding scale and would increase as an institution grows in size and as it accumulates riskier, short-term debt. Although the campaign has not spelled out the precise details of the tax, we assume it is similar to the proposal put forward by President Obama.

Subtotal, Impact of Clinton's Tax Policies	-$1.60 trillion/**-$1.25 trillion**/-$0.90 trillion

Donald Trump's Tax Policies

Mr. Trump has introduced a comprehensive proposal to restructure individual and business income taxes by lowering marginal tax rates while broadening the tax base by reducing the overall value of various tax breaks. In total, our central estimate shows his tax policies would cost about $9.25 trillion over a decade, reducing total tax revenue by almost one-quarter. Our high cost estimate, which relies on alternative scoring sources, finds Trump's plan could lose as much as $11.65 trillion over a decade. *Since the publication of this analysis, Trump has announced that he will be releasing a revised version of his tax reform plan. Read more about the upcoming tax plan.*

Reduce and reform individual income taxes — $6.5 trillion/**$6.5 trillion**/$10 trillion

Trump's tax plan lowers tax rates for all income levels and greatly expands the number of people not paying income tax while also expanding the tax base. Although one of his tax plan's stated goals is to pay for rate reductions by reducing tax breaks, every published analysis of the plan has found that the size of the tax cuts greatly outweighs the offsets, even if optimistic levels of growth are considered. Read more about Trump's tax plan in our full explainer. The elements of Trump's individual income tax reforms include:

- **Expand the standard deduction (***$3.3 trillion***)** – Trump would nearly quadruple the standard deduction, from $6,300 to $25,000 for an individual (doubled for couples). According to the Tax Policy Center, this would increase the share of the population that doesn't owe federal income tax to 50 percent.

- **Reduce individual tax rates and repeal the AMT (***$4.3 trillion***)** – Trump would replace the seven current individual tax rates ranging from 10 to 39.6 percent with three rates of 10 percent, 20 percent, and 25 percent, with taxpayers in every bracket falling into a lower bracket than they do now. He would eliminate marriage penalties in the tax code while increasing the marriage bonus for many couples. In addition, he would repeal the individual Alternative Minimum Tax (AMT). Trump would also eliminate the 3.8 percent investment surtax from the Affordable Care Act, though we consider this cost with his health proposals.

- **Limit various tax breaks (***-$1.1 trillion***)** – Trump would partially pay for his plan by eliminating "most deductions and loopholes available to the very rich," including by strengthening the existing personal exemption phaseout (PEP) and Pease limitations on personal exemptions and itemized deductions and limiting other preferences so that "those within the [bottom] 10% bracket will keep all or most of their current deductions. Those within the [middle] 20% bracket will keep more than half of their current deductions [and t]hose within the [highest] 25% bracket will keep fewer deductions." Although it is unclear what this would involve, the Tax Policy Center assumed the value of most deductions and exclusions (other than the mortgage and charitable deductions, which Trump says will remain unchanged) would be limited to their value in the 10 percent bracket. Trump would also repeal the preferential treatment of carried interest and repeal the exclusion for investment income on life insurance contracts.

Reduce and reform business/corporate income taxes — $2.55 trillion/**$2.55 trillion**/$1.35 trillion[1]

Trump's plan would reduce the top corporate rate from 35 percent to 15 percent, apply the same 15 percent rate to pass-through businesses, repeal the corporate AMT, repeal various corporate and business tax expenditures, create a "worldwide" tax system where income earned by American companies abroad is taxed in the year it is earned (thus ending the current process known as deferral), and require a 10 percent tax on unrepatriated earnings payable over the course of ten years. Additionally, Trump has proposed to place "a reasonable cap on the deductibility of business interest expenses." Although Trump does not specify which business tax breaks would be repealed, TPC assumes he would end virtually all breaks not related to cost recovery. In terms of interest deductibility, we assume "a reasonable cap" would limit the deductibility to interest costs in excess of inflation, as in the 2010 Wyden-Gregg tax reform legislation. Read more about Trump's tax plan in our full explainer.

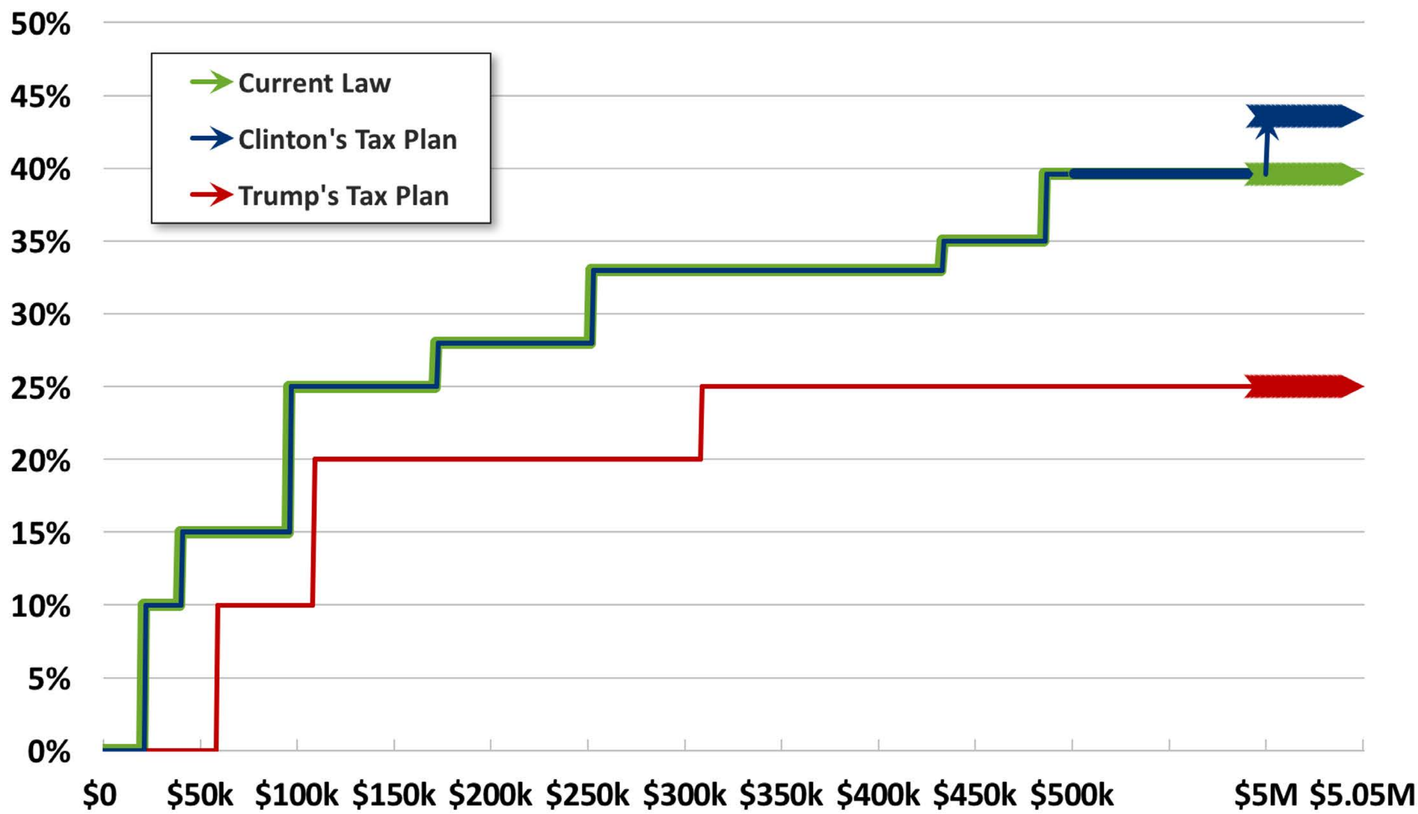
[1] This high cost estimate is lower than our central estimate because it incorporates only corporate changes, whereas the central estimate also incorporates changes to pass-through businesses taxed through the individual tax code. For our high cost estimate, these costs are incorporated in the individual tax reform numbers.

Repeal the estate tax $200 billion/**$200 billion**/$250 billion

Currently, an estate tax of 40 percent is levied on inheritances over $5.45 million (for individuals), and taxes on gifts and transfers prevent similarly passing large amounts of wealth untaxed before death. Trump's plan would repeal all of these estate and gift taxes.

Subtotal, Impact of Trump's Tax Policies $9.25 trillion/**$9.25 trillion**/$11.60 trillion

Figure 14: Individual Statutory Tax Rates under Candidates' Proposals



Statutory marginal ordinary income tax rates for a married couple filing jointly. Includes the standard deduction and personal exemption.

Sources: IRS, Trump campaign, Clinton campaign, CRFB calculations

Spending Policies

Spending outside of the areas of health care, Social Security, and interest is generally expected to shrink as a share of the budget over the next few decades. While discretionary spending and other mandatory spending currently account for just under half of the budget, they are projected to compose just a third of the budget at the end of the next ten years. Neither Secretary Clinton nor Mr. Trump would reverse the trend, and both would increase this area of spending.

Clinton would increase funding for college and early childhood education, invest in infrastructure, offer government-provided paid family leave, expand resources towards energy and research, and support economic revitalization while increasing support for veterans. Trump would reform the veterans affairs system, promote energy production, invest in infrastructure, rebuild the military, and reform trade relations.

Figure 15: Ten-Year Cost of Candidates' Spending Policies (Central Estimates)

Proposal	Clinton	Trump
College education	$0.35 trillion	n/a
Early education and early childhood reforms	$0.20 trillion	*
Infrastructure investment	$0.30 trillion	*
Defense reforms	n/a	n/a
Veterans reforms	$0.05 trillion	$0.50 trillion
Trade reforms	n/a	n/a
Research and energy investments	$0.10 trillion	*
Paid family leave and related policies	$0.30 trillion	n/a
Economic and jobs initiatives	$0.10 trillion	n/a
Subtotal, Impact of Spending Policies	**$1.40 trillion**	**$0.50 trillion**
Memo: Low to High Cost Estimates	*$1.40 to $2.55 trillion*	*-$0.15 to $1.45 trillion*

Note: Positive numbers represent increase in deficits; negative numbers represent reduction.
**Indicates that this proposal would cost or save less than $50 billion over ten years.*

Hillary Clinton's Spending Policies

Our central estimate finds that Secretary Clinton's spending proposals (other than for health care) would cost about $1.4 trillion over ten years, of which roughly $1.35 trillion is on the outlay side of the budget ledger. This estimate includes Clinton's plans for college and early education reforms, infrastructure investments, defense, veterans, new investments in energy and research initiatives, paid family leave, and other economic and jobs initiatives.

However, our central estimate does not account for Clinton's broad call to end "sequestration" cuts to defense and non-defense spending, which if fulfilled would cost another $750 billion over a decade. Incorporating this and other higher estimates, her spending plans could cost up to $2.55 trillion.

Enact a "New College Compact" — **$350 billion**

Clinton would reduce the cost of college by providing states with grants to support two years of tuition-free community college and/or four years of "debt-free" education at public universities – defined as tuition low enough that it could be funded through a combination of a "realistic family contribution" and part-time work rather than student loans. Clinton would also lighten the burden of college debt by reducing interest rates and allowing borrowers to refinance existing student loans at lower rates while simplifying and expanding income-based repayment programs. Additionally, she would increase funding for AmeriCorps, increase institutions' accountability for tuition rates, and make numerous other changes. The campaign estimates this plan would cost $350 billion and would be fully offset by their proposal to cap the value of tax preferences to the 28 percent bracket (described in our tax section). Read more about Clinton's higher education plan. *Since the publication of this analysis, Clinton has released an expansion of her college proposal not reflected in this description. Read more about this policy expansion.*

Expand early childhood education and child care — $200 billion/**$200 billion**/$550 billion

Clinton supports a suite of initiatives designed to expand early childhood education and to expand access and reduce out of pocket costs related to child care – with the specific goal of limiting child care costs to less than 10 percent of family incomes. Clinton would fund states to provide access to pre-school for all 4-year olds, building upon President Obama's preschool-for-all initiative. Additionally, she would double spending on Early Head Start, increase funding to the Child Care Access Means Parents in School Program, and award scholarships for as many as one million student parents for up to $1,500 per year. Clinton would also create the Respect And Increased Salaries for Early Childhood Educators (RAISE) initiative in order to fund state and local efforts to encourage increases in the salaries of child care workers, and she would double efforts to provide home visiting services to parents and children. Due to lack of detail, our central estimate assumes Clinton's child care policies mirror President Obama's, while our high cost estimate assumes a more ambitious plan.

Increase infrastructure spending — **$300 billion**

Clinton has proposed to substantially increase national infrastructure spending in a number of ways. First, she would establish a $25 billion National Infrastructure Bank that would issue loans and loan guarantees with the goal of generating about $250 billion of infrastructure investment. At the same time, Clinton would

allocate $250 billion to improve highways, public transit, rail, sea, air, and broadband access while reviving the Build America Bonds program to subsidize state and local infrastructure investment. She has called for paying for this plan through business tax reform, though she has not outlined any details of this reform. Read more about her infrastructure plan. Additionally, Clinton would make a $25 billion housing investment to revitalize communities and make housing more affordable.

Invest in energy and research **$100 billion**

To support clean energy, Clinton would create a $60 billion Clean Energy Challenge to help states and local communities cut carbon consumption by incentivizing faster clean energy adoption, awarding Solar X-Prizes to promote the use of solar panels, upgrading electrical grids, and working with existing Department of Agriculture programs to expand rural access to clean energy. She would also invest $30 billion to revitalize coal communities. On the research side, she would expand research investment across-the-board, including by investing $20 billion to cure Alzheimer's and additional funds for research in autism, HIV/AIDS, and many other areas, medical and non-medical alike.

Expand paid family leave and enact related policies $300 billion/**$300 billion**/$350 billion

Clinton would guarantee up to 12 weeks of paid family and medical leave with a plan that ensures workers have at least two-thirds of their wages replaced up to a ceiling, similar to the FAMILY Act sponsored by Senator Kirsten Gillibrand (D-NY). Unlike the FAMILY Act, however, Clinton does not support an across-the-board payroll tax increase to pay for the plan (nor an employer mandate) and instead would pay for it with a portion of her proposed taxes on the wealthy. Clinton has also made several small proposals to support caregiving, including a 20 percent tax credit of up to $1,200 per year ($6,000 of expenses) to help alleviate the cost of caring for elderly family members. Different estimates exist for the cost of this proposal, reflected in our high cost estimate.

Support economic revitalization **$100 billion**

To support job creation, Clinton would invest $20 billion in youth jobs and invest in programs that help previously incarcerated citizens re-enter the workforce. She would also expand the New Markets Tax Credit and create a Manufacturing Renaissance Tax Credit to encourage investors to make credit more available in low-income areas. Additionally, Clinton has proposed to support entrepreneurship and small businesses in underserved communities; provide $10 billion for a "Make it in America" program that encourages domestic manufacturing; offer a two-year tax credit for businesses that share profits with their employees; and provide funding for farmers, ranchers, and local food markets, among many other initiatives.

Increase funding for and reform veterans programs **$50 billion**

Clinton has introduced several proposals to change our current system of benefits and supports for veterans that would also increase funding towards veterans programs. Specifically, she has cited support for overhauling veterans' benefits (including the Veterans Health Administration) without privatizing them, improving access to women's health care services for veterans, improving mental health services, and expanding job training and support for veterans. Clinton would make permanent the Work Opportunity Tax Credit for companies that hire veterans and expand child care, spousal employment opportunities, and other services for families of veterans.

Strengthen the military NA/**NA**/$450 billion

Clinton has put forth several goals for strengthening the military, specifically by maintaining U.S. military excellence while responding to new and emerging threats, both domestic and abroad. Although she has not yet laid out a specific plan for how she would achieve these goals, her website says that "Clinton is developing a broad strategy on the Defense Department's budget and reform measures grounded in permanently ending the damaging sequester while making smart reforms in both defense and non-defense spending." We do not estimate the cost of this unspecified plan in our central estimate, but our high cost estimate assumes that Clinton will increase defense spending by about $55 billion per year starting in 2018, effectively repealing the automatic "sequester cuts" to the defense budget.

Repeal the "sequester" on non-defense spending NA/**NA**/$300 billion

In addition to urging for repeal of the defense sequester, Clinton has called for the reversal of the non-defense sequester cuts scheduled to return in 2018. According to her website, Clinton believes "[t]he recent budget deal reached between the Congress and the White House is a promising first step in providing government agencies with much needed fiscal stability. But we must go further by ending the sequester for both defense and non-defense spending in a balanced way." Based on the website and discussions with the campaign, we believe this is a goal but not yet a specific plan, so we estimate the cost of repealing the non-defense discretionary sequester in our high cost estimate only.

Subtotal, Impact of Clinton's Spending Policies	$1.40 trillion/**$1.40 trillion**/$2.55 trillion

Donald Trump's Spending Policies

Although Mr. Trump has discussed a number of policy areas on the campaign trail, most of his proposed changes are either extremely small in terms of fiscal impact or lack enough detail to estimate. Only his veterans plan, in our assessment, is large and specific enough to suggest a cost or savings of more than $50 billion. Under our central estimate, we very broadly conclude that these proposals would cost about $500 billion over the next decade. This estimate is highly sensitive to the details of Trump's proposals, which if released could substantially alter the cost or savings of his proposals. In fact, under our low cost estimate, Trump's spending plans would *save* $150 billion over a decade; under our high cost estimate, they would cost $1.45 trillion.

End Common Core **$0 billion**

Common Core is a framework developed by state governors and education commissioners to standardize curricula across the country. Both on the campaign trail and through a video on his website, Trump has called for eliminating the Common Core curriculum. Although Common Core once received some funding from the federal government, that funding was mostly indirect and relatively small. Today, even those funding streams no longer exist in light of the expiration of "Race to the Top" grants and the passage of the Every Student Succeeds Act in late 2015. As a result, ending Common Core today would have no significant effect on federal government spending.

Implement an America First Energy Plan and invest in infrastructure **$0 billion**

Trump would make energy independence both a domestic and foreign policy goal, promising to completely free the United States of dependence on foreign oil while strengthening relationships with allies in the Gulf. He would lift moratoria on energy production on federal land, permit the construction of the Keystone XL pipeline, simplify energy regulations, ease restrictions on new drilling technologies, terminate the Waters of the United States rule, and cancel the Paris Climate Agreement as well as any funding to the United Nations that goes towards global warming initiatives. Trump has called for using any revenue generated from this plan to invest in infrastructure, including roads, schools, bridges, and drinking water infrastructure. Assuming that all of the revenue generated would be used for new spending, this plan would have no net fiscal impact.

Reform the veterans affairs system $500 billion/**$500 billion**/$1 trillion

Trump has proposed several reforms to improve the Department of Veterans Affairs (VA), including increasing funding for various mental health and job training programs, expanding and improving services for female veterans, reducing waste and fraud, improving technology and personnel, and – perhaps most significantly – allowing veterans to be treated by any doctor who accepts Medicare rather than only those at VA hospitals. Allowing veterans to receive immediate care from any doctor of their choosing could potentially cost much more than recent bills that limited access to private healthcare to those facing long wait times within the VA system. CBO estimated these bills would cost in the range of $500 billion over ten years; in our high cost estimate, we assume this policy would be even more expansive than the one CBO scored.

Rebuild the military $0 billion/**$0 billion**/$450 billion

While no proposal is currently featured on Trump's website, he has said many times in debates, speeches, and interviews that he would rebuild the military – calling for the United States to "[build] up our depleted military" and make it "bigger, better, stronger than ever before." At the same time, Trump has talked at length about reducing wasteful military spending and requiring our allies to finance a greater share of joint and American operations that benefit their interests. Without more detail, it is unclear whether the net effect of these policies would reduce or increase spending, so we assume no cost in our central estimate and a cost equivalent for the repeal of the defense sequester in our high cost estimate.

Reform trade relations -$650 billion/**$0 billion**/$0 billion

Trump promises to improve America's posture in international trade by reforming our trade relationship with China and Mexico. To achieve this, he would impose countervailing duties on artificially cheap Chinese products, enforce laws against Chinese hackers and counterfeit goods, prohibit American companies from sharing protected intellectual property before gaining access to Chinese markets, and aggressively pursue a case before the World Trade Organization (WTO), which claims the Chinese government provides illegal export subsidies to its manufacturers in contravention of WTO rules. At times, Trump has said he would impose a 35 percent tariff on multinational U.S. corporations that outsource manufacturing abroad and a 45 percent tariff on goods imported from China. At other times, Trump has suggested these tariffs would only be a threat and not actual policy. Due to the lack of specifics around this proposal and its absence from the campaign website, we are unable to make a cost or savings estimate of its effects for our central cost estimate. However, we have added an estimate of the revenue from his tariffs – which are not described on his campaign website except in a brief reference on a campaign video – in our low cost estimate.

Subtotal, Impact of Trump's Spending Policies -$0.15 trillion/**$0.50 trillion**/$1.45 trillion

Immigration Policies

Immigration policy – particularly the question regarding what to do about the unauthorized immigrant population – has become a central issue in the 2016 campaign, and the candidates have taken very different approaches on this issue. Secretary Clinton's plan seeks to provide more opportunities for these immigrants, including a pathway to citizenship, while Mr. Trump has a plan focused on preventing illegal immigration and reducing the number of unauthorized immigrants.

Figure 16: Ten-Year Cost of Candidates' Immigration Policies (Central Estimates)

Proposal	Clinton	Trump
Enact immigration reform	-$0.10 trillion	$0.05 trillion
Deport all unauthorized immigrants	n/a	n/a
Subtotal, Impact of Immigration Policies	**-$0.10 trillion**	**$0.05 trillion**
Memo: Low to High Cost Estimates	*-$0.10 trillion*	*$0.05 to $0.35 trillion*

Note: Positive numbers represent increase in deficits; negative numbers represent reduction.

Hillary Clinton's Immigration Policies

Secretary Clinton supports a comprehensive immigration reform agenda, which is very broadly similar to legislation passed by the Senate in 2013. That legislation increases the size of the labor force and therefore reduces the deficit by about $100 billion over a decade. Although the savings come from both higher spending and revenue, we attribute it entirely to the revenue side of the ledger in order to maintain comparable estimates of spending and revenue relative to GDP.

Enact comprehensive immigration reform **-$100 billion**

Clinton supports comprehensive immigration reform that is designed to push for citizenship and keep families together. To achieve this goal, she would defend President Obama's executive action on immigration (and likely expand it to include families of those receiving deferred action) while pursuing new policies including to create a path to citizenship, end the 3- and 10-year wait periods for reentry to the United States for obtaining a green card, shutter private detention centers for immigrants, and expand upon work to naturalize immigrants. Clinton would also end family detention, work towards improving immigrant integration into society, and allow immigrants to buy into the health insurance exchanges. Although her specific plan has not been estimated, it broadly resembles a Senate-passed immigration reform bill that would generate about $100 billion of net savings – almost entirely due to a larger labor force. Under our low cost estimate, we also assume this plan increases GDP modestly.

Subtotal, Impact of Clinton's Immigration Policies **-$0.10 trillion**

Donald Trump's Immigration Policies

Under our central estimate, we find Mr. Trump's immigration proposals would total $50 billion. The central estimate is a combination of $50 billion in savings and $100 billion in costs, which are both sensitive to the details and implementation of his policies. Incorporating Trump's call to deport all unauthorized immigrants – as we do in our high cost estimate – his plan could cost $350 billion.

Reduce illegal immigration **$50 billion**

Trump has proposed a number of reforms designed to reduce illegal immigration. Much of his immigration reform efforts emphasize enforcing current U.S. immigration law, including by increasing immigration enforcement officers, mandating nationwide use of the "E-verify" program and the deportation of all criminal aliens, ending birthright citizenship, increasing penalties for overstaying visas, defunding sanctuary cities, and eliminating tax credits for unauthorized immigrants. Trump would also build and maintain a wall along the U.S.-Mexican border, paid for in part by insisting the Mexican government pay the United States $5 to $10 billion. Although it is questionable whether the Mexican government would be willing to pay this directly under any circumstance, we believe a similar amount of money could be raised through a combination of tariffs, customs fees, and remittance fees that Trump has proposed to encourage such payments. Although these policies would have numerous offsetting effects, we estimate a small net cost as a result of about $100 billion of new spending and $50 billion in revenue savings. For the most part, these estimates exclude any labor force effects.

Deport all unauthorized immigrants $0 billion/**$0 billion**/$300 billion

Trump has, on many occasions, called for deporting the roughly 11.4 million unauthorized immigrants currently residing in the United States. However, no plan to do so is included on his campaign website, despite a detailed section on immigration reform. Apprehending, detaining, processing, and physically deporting 11.4 million immigrants would be quite costly. We incorporate this cost in our high cost estimate, but we assume the policy does not represent an official campaign proposal in our central estimate.

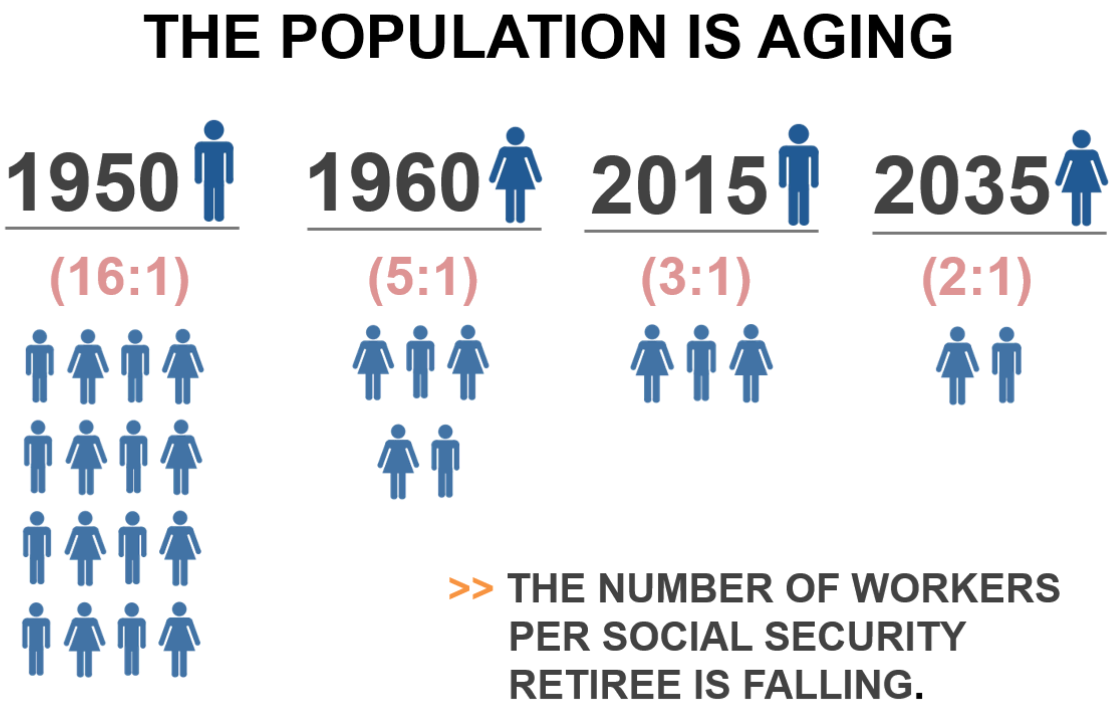
Subtotal, Impact of Trump's Immigration Policies $0.05 trillion/**$0.05 trillion**/$0.35 trillion

Social Security

Social Security is not only the largest single federal government program, it is also among the fastest growing programs due to an aging population. Currently, the program is responsible for more than one-fifth of all government costs (including interest), and it will represent more than a quarter of cost growth over the next decade alone.

The Social Security program, which is funded through a dedicated payroll tax, is also on an unsustainable growth path. In 1960, 5 workers paid into the program for every beneficiary; today, there are 3 workers for every retiree; and by 2035, there will only be 2 workers. As a result, the program's large deficit will continue to grow over time, and its trust fund will be depleted by sometime between 2029 and 2034. At that point, the program will only be able to afford three-quarters to four-fifths of benefits, meaning all beneficiaries regardless of age or income will face a sharp and immediate benefit cut.

Figure 17: Worker-to-Retiree Ratio Over Time



Source: 2015 Social Security Trustees Report

As the program's own Trustees have explained, the cost of waiting to address Social Security is high. Yet neither candidate has put forward a detailed plan to fix the program's finances.

Secretary Clinton has called for expanding Social Security benefits for "those who need it most and who are treated unfairly by the current system," including widows and caretakers, while extending the program's solvency through tax increases on higher earners. She has not yet provided details on how she would increase taxes, but she has said the campaign is looking at taxing income above the current Social Security taxable maximum and taxing income that currently isn't subject to Social Security taxes, such as capital gains.

As the program's own Trustees have explained, the cost of waiting to address Social Security is high. Yet neither candidate has put forward a detailed plan to fix the program's finances.

At the same time, Clinton has ruled out many changes that could be part of a Social Security solvency plan. She has specifically mentioned that she would not support raising the retirement age, altering cost-of-living adjustments, privatizing any part of the system, reducing middle-class benefits, or increasing middle-class taxes. Clinton has also said, more broadly, "I won't cut Social Security. … I'll defend it, and I'll expand it."

Mr. Trump has said multiple times that Social Security benefits should be left alone, suggesting he would not change the program in any way other than eliminating waste, fraud, and abuse. We estimate that if the government could somehow eliminate all improper Social Security payments, it would save only about $50 billion over a decade and close only 2 percent of the program's long-term solvency gap. Of course, actual anti-fraud efforts will yield only a small fraction of that.

Due to lack of detail from either candidate, we assume no costs or savings from Social Security at this time.

Interest

As interest rates rise from their current historically low levels and debt continues to grow, federal spending on debt service will rise substantially. Under current law, CBO estimates interest costs will more than triple over the next decade from about $250 billion this year to $840 billion by 2026. As interest costs grow, the effect will be either increased borrowing, reduced space for other spending, increased pressure to raise taxes, or some combination of the three. Yet neither candidate would slow the growth of interest spending, and Donald Trump would substantially accelerate it.

Figure 18: Ten-Year Cost of the Impact of Candidates' Policies on Interest (Central Estimates)

	Clinton	Trump
Net Interest Cost	$0.05 trillion	$1.70 trillion
Subtotal, Net Interest Impact	**$0.05 trillion**	**$1.70 trillion**
Memo: Low to High Cost Estimates	*$0 to $0.35 trillion*	*$1.40 to $2.35 trillion*

Note: Positive numbers represent increase in deficits; negative numbers represent reduction.

Net Interest Cost of Hillary Clinton's Policies

Our central estimate shows that Secretary Clinton's proposals would increase net interest spending by $50 billion over a decade, but this cost could be as low as zero or as high as $350 billion. This is the result of the fact that her new initiatives would modestly outweigh her offsets as well as the fact that her new spending is somewhat front-loaded relative to her savings. In our high cost estimate, interest costs accrue much quicker over the window due to higher deficit spending; in our low cost estimate, costs are mostly offset and thus have a negligible interest impact.

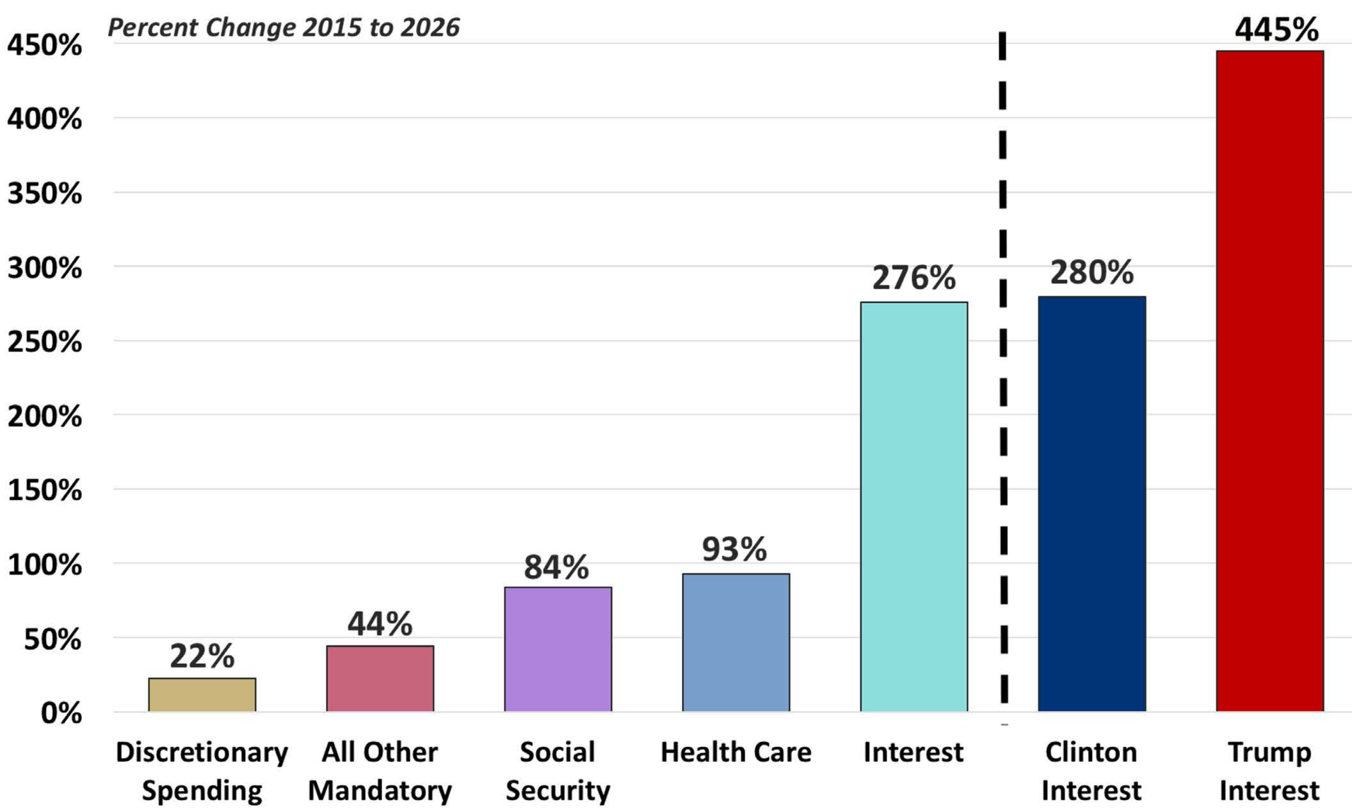
Subtotal, Clinton's Net Interest Impact	$0 trillion/**$0.05 trillion**/$0.35 trillion

Net Interest Cost of Donald Trump's Policies

Under our central estimate, Mr. Trump's proposals would increase net interest spending by $1.7 trillion over the next decade, but they could increase interest spending by as little as $1.4 trillion or as much as $2.35 trillion. The entirety of this sum is the result of $10.6 trillion of lower revenue from Trump's tax and health proposals; this is only partially offset by $650 billion of lower spending. Under our low cost estimate, net interest costs will rise by different but still substantial amounts.

Subtotal, Trump's Net Interest Impact	$1.40 trillion/**$1.70 trillion**/$2.35 trillion

Figure 19: Percent Growth in Spending, by category (2015 to 2026)



Source: CRFB calculations based on Congressional Budget Office projections.

Adding Up the Fiscal Impact of the Candidates' Plans

Using our central estimate, Secretary Clinton's and Mr. Trump's plans would both add to the already growing deficit but by very different amounts. Clinton would add $250 billion to the deficit over the next decade, while Trump would add $11.5 trillion.

These differences would narrow somewhat, though not substantially, under our low cost estimate and expand under our high cost estimate. The low cost estimate shows Clinton would reduce deficits by about $150 billion, while Trump would increase them by $9.7 trillion. Under our high cost estimate, Clinton would increase deficits by $2.2 trillion, while Trump would increase them by $16.3 trillion.

Figure 20: Ten-Year Cost of Each Candidates' Proposals (Central Estimates)

Proposal	Clinton	Trump
HEALTH POLICIES		
Affordable Care Act ("Obamacare") changes	$0.30 trillion	$0.50 trillion
Changes to tax treatment of health insurance	$0.10 trillion	$0.10 trillion
Drug cost reductions, insurance market reforms, and other changes	-$0.20 trillion	-$0.05 trillion
Tax deductibility of advertising costs	-$0.05 trillion	n/a
Medicaid block grants	n/a	-$0.50 trillion
Subtotal, Impact of Heath Policies	***$0.15 trillion***	***$0.05 trillion***
TAX POLICIES		
Individual income tax changes (non-business)	-$0.80 trillion	$6.50 trillion
Business tax changes (corporate and pass-through)	-$0.15 trillion	$2.65 trillion
Estate tax changes	-$0.15 trillion	$0.20 trillion
Financial institution fee	-$0.10 trillion	n/a
Subtotal, Impact of Tax Policies	***-$1.25 trillion***	***$9.25 trillion***
SPENDING POLICIES		
College education	$0.35 trillion	n/a
Early education and early childhood reforms	$0.20 trillion	*
Infrastructure investment	$0.30 trillion	*
Defense reforms	*	*
Veterans reforms	$0.05 trillion	$0.50 trillion
Trade reforms	n/a	*
Research and energy investments	$0.10 trillion	*
Paid family leave and related policies	$0.30 trillion	n/a
Economic and jobs initiatives	$0.10 trillion	n/a
Subtotal, Impact of Spending Policies	***$1.40 trillion***	***$0.50 trillion***
IMMIGRATION POLICIES		
Enact immigration reform	-$0.10 trillion	$0.05 trillion
Deport all unauthorized immigrants	n/a	n/a
Subtotal, Impact of Immigration Policies	***-$0.10 trillion***	***$0.05 trillion***
Net Interest Cost	***$0.05 trillion***	***$1.70 trillion***
Total Budgetary Impact	**$0.25 trillion**	**$11.50 trillion**
Memo: Low to High Cost Estimates	*-$0.15 to $2.20 trillion*	*$9.70 to $16.30 trillion*

Note: Numbers may not add due to rounding. Positive numbers represent increase in deficits; negative numbers represent reduction.

Attaining Fiscal Sustainability Under the Candidates' Plans

Both Secretary Clinton and Mr. Trump have discussed the importance of fiscal responsibility, but neither would reverse the unsustainable growth of the national debt, and Trump would considerably accelerate that growth.

Debt held by the public currently stands at about $14 trillion, or 75 percent of GDP, which is the largest it has been as a share of the economy at any point in history other than around World War II. Under current law, CBO estimates debt will grow to 86 percent of GDP by 2026 and close to 130 percent by 2040, a trend it says "would dampen economic growth," and "would ultimately be unsustainable."

Failure to address rising debt levels will lead to slower wage growth, higher interest rates, declining room for other federal investments, less ability for the government to manage a future war or recession, and an increased risk of eventual fiscal crisis.

> ***These illustrations make it clear that both candidates – and to a much greater degree Mr. Trump – would need to pursue aggressive changes to put the debt on a sustainable path.***

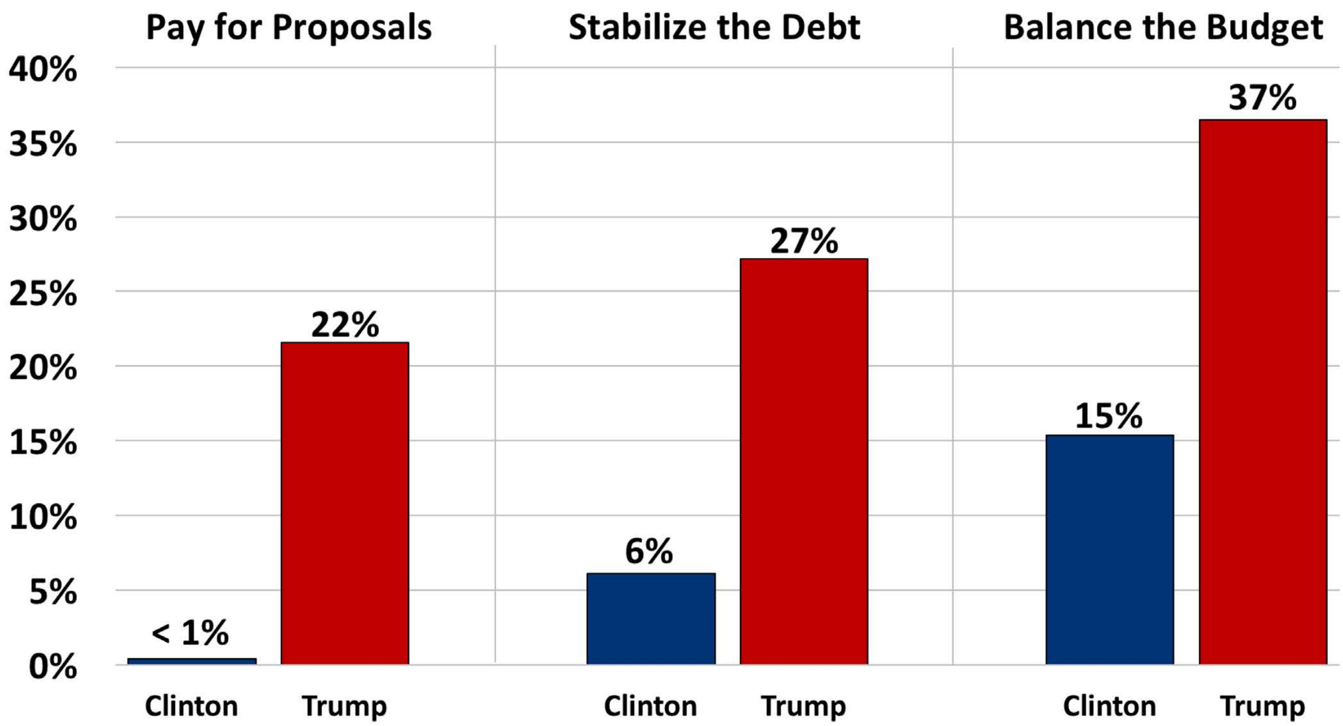
There is no magic target for fiscal sustainability, but the next president should work to put the debt as a share of the economy on a downward path. To stabilize the debt at today's levels as a share of GDP would require $2.9 trillion in deficit reduction (including interest) over a decade – a goal that any plan for fiscal sustainability must surpass.

A much more aggressive but oft-discussed fiscal target would be to balance the budget within a decade. Assuming a reasonable path of savings to reach this goal, policymakers would have to find about $7.8 trillion of deficit reduction over ten years, including interest. Given the size of our deficit challenges, a goal that falls somewhere between stabilizing the debt at its current near record-high levels and balancing the budget within ten years might be most appropriate.

Because both candidates, under our central estimate, would add to the debt beyond what is currently projected under current law, reaching either of these fiscal targets would require even more savings under their policies than what would be necessary relative to current law. Under Clinton's policies, it would require nearly $3.2 trillion to stabilize the debt and over $8 trillion to balance the budget. For Trump, $14.4 trillion of savings would be needed to stabilize the debt and over $19.3 trillion would be needed to balance the budget. Importantly, these balanced budget numbers assume a fixed ten-year savings path.

To meet any measure of fiscal sustainability, candidates would need to pursue spending cuts, tax increases, economic growth, or some combination. To provide a sense of magnitude for these changes, we have calculated several illustrative examples of what it would take to achieve sustainability using only one of these strategies at a time.

Figure 23: Spending Cuts Needed Under Our Central Estimates (Percent of All 10-Year Primary Spending)



Source: CRFB calculations based on CBO projections. For stabilize the debt, we assume $2.6 trillion of non-interest savings relative to current law, enough based on current GDP projections to achieve a debt-to-GDP ratio of 75 percent by 2026. For balance the budget, we assume $6.8 trillion of non-interest savings over a decade relative to current law, enough to balance the budget using the path from the FY 2016 House Budget Resolution. The actual 10-year savings to balance could differ substantially based on how policies are implemented.

These illustrations make it clear that both candidates – and to a much greater degree Mr. Trump – would need to pursue aggressive changes to put the debt on a sustainable path. This is particularly true in light of the fact that both candidates have ruled out significant changes to many parts of the budget and tax code.

Attaining Fiscal Sustainability Through Spending Cuts

Achieving fiscal sustainability through spending cuts alone would require ambitious cuts for either candidate, particularly for Trump.

For example, to stabilize the debt under our central estimate of Trump's plan, we estimate he would need to cut total spending by about 27 percent; to balance the budget – a goal he has set on the campaign – we estimate he would need to cut total spending by 37 percent.[2]

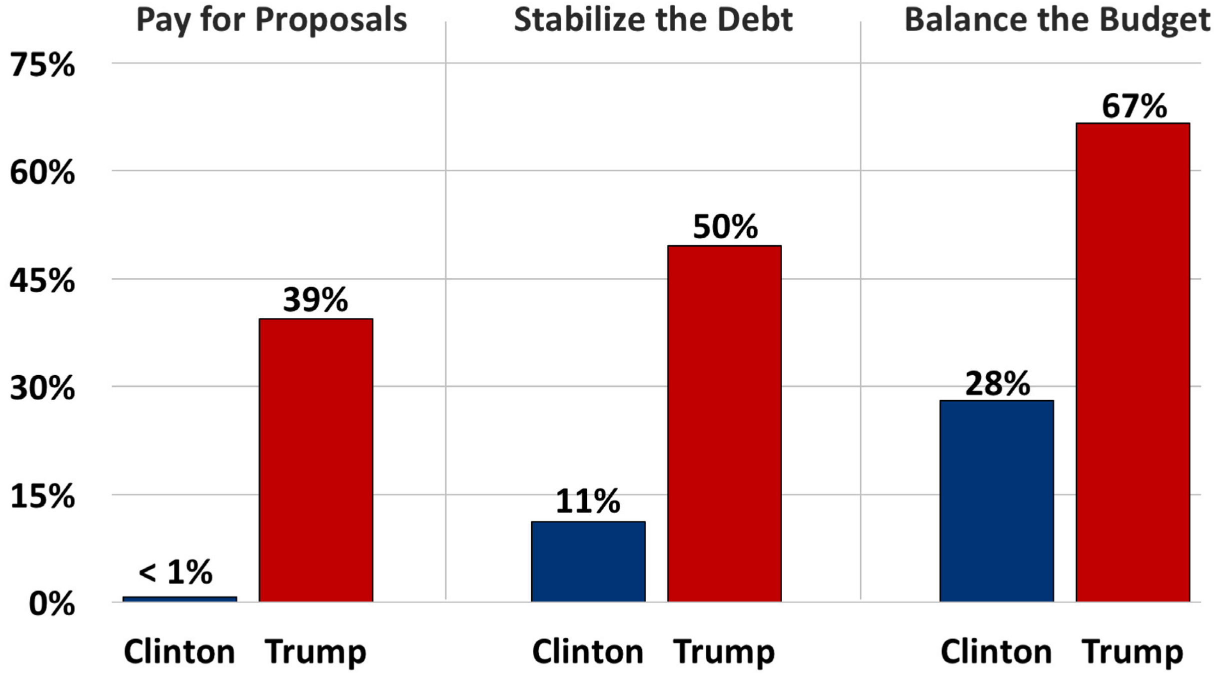
If Social Security and Medicare – two programs Trump has said he does not want to cut – were exempted from changes, the needed cuts would grow to 50 percent and 67 percent, respectively. It is hard to imagine how these levels of reductions would be achievable – particularly if Trump also wants to strengthen the military and increase infrastructure spending as he has suggested.

Similarly, Clinton could stabilize the debt under our central estimate of her plan by cutting total spending by 6 percent, and she could balance the budget by cutting total spending by 15 percent.

Were Clinton to continue to insist on not reducing Social Security costs and rule out further reductions in Medicare beyond what she has proposed (which she has not done at this time), needed cuts would rise to 11

[2] Cuts are calculated based on the necessary deficit reduction to reach each respective fiscal goal over the total amount of spending over the next decade under current law. Cuts could be either allocated across the board or by some other means.

Figure 24: Spending Cuts Needed, Exempting Social Security & Medicare, Under Our Central Estimates (Percent of 10-Year Primary Spending, Excluding Social Security & Medicare)



Source: CRFB calculations based on CBO projections. For stabilize the debt, we assume $2.6 trillion of non-interest savings relative to current law, enough based on current GDP projections to achieve a debt-to-GDP ratio of 75 percent by 2026. For balance the budget, we assume $6.8 trillion of non-interest savings over a decade relative to current law, enough to balance the budget using the path from the FY 2016 House Budget Resolution. The actual 10-year savings to balance could differ substantially based on how policies are implemented.

and 28 percent, respectively. And if Clinton also wanted to achieve her campaign's stated goal of repealing the defense and non-defense sequester, the needed cuts would rise further to 14 percent to stabilize the debt and 31 percent to balance the budget. Of course, if cuts to discretionary spending were limited (so as not to undo sequester repeal), reductions to the rest of the budget would be even greater.

Attaining Fiscal Sustainability Through Tax Hikes

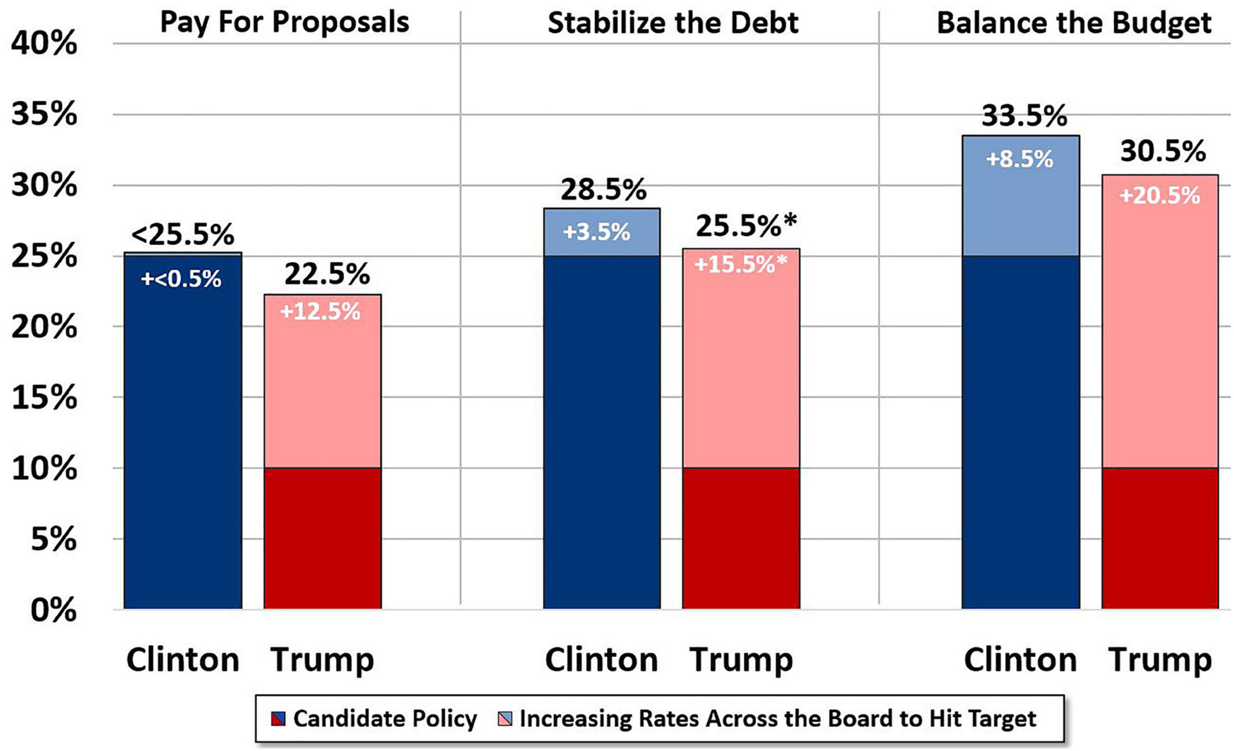
Rather than cut spending, Clinton and Trump could raise tax revenue in order to reach fiscal sustainability. Clinton has already put forward $1.2 trillion of net revenue increases, while Trump has proposed $10.5 trillion of net revenue reductions – but said that his plan is negotiable.

Under Trump's tax plan, individual income taxes would be reduced to 10, 20, and 25 percent, while businesses would pay a top rate of 15 percent. Increasing all individual income tax rates uniformly under our central estimate of Trump's plan would require a 15.5* point increase to stabilize the debt and a 20.5 point increase to balance the budget. That would mean an individual income tax rate of 25.5* to 30.5 percent for a person making $50,000 and a top income tax rate of 40.5* to 45.5 percent; these rates are higher than current law.[3]

*This number has been corrected since publication.

[3] Throughout this section, our analysis for raising tax rates uniformly assumes that candidates raise each tax rate by an equal number of points. Thus, a 1-point across-the-board increase would change Trump's tax brackets to 11, 21, and 26 percent, though it would not have any effect on the number of people that do not owe any income tax (a number that is expanded under Trump's plan). As an illustrative example, we assume linearity – raising rates by 10 points would raise 10 times the amount as raising rates by 1 point. But in actual practice, less revenue would be raised as rates near the revenue-maximizing rate.

Figure 25: Tax Rates Needed Assuming Across-the-Board Hikes Under Our Central Estimates (Percentage Point Tax Rate, Individual Making $50,000)



Source: CRFB calculations of statutory income tax rate for an individual with $50,000 in adjusted gross income. Option assumes equal percentage point increase in every tax bracket, but no change in liability for Trump's "zero tax bracket" (individuals making under $25,000, couples under $50,000).

Under Clinton's tax plan, the top rate on income above $5 million would rise from 39.6 to 43.6 percent. To stabilize the debt through uniform tax increases, she would have to raise all rates by nearly 3.5 points, and to balance the budget she would need to raise them by roughly 8.5 points. That would mean increasing the current tax rate of 25 percent for an individual making $50,000 up to 28.5 to 33.5 percent while increasing the top rate from 39.6 percent under current law (and 43.6 percent under Clinton's plan) to between 47 and 52 percent. Rates would each need to be an additional point higher if Clinton also repealed the sequester.

Of course, narrowing the options of possible tax increases would make this task more challenging. Clinton has said several times that she is unwilling to raise taxes on anyone making less than $250,000 per year, while Trump has said he wants to lower taxes on the middle class.

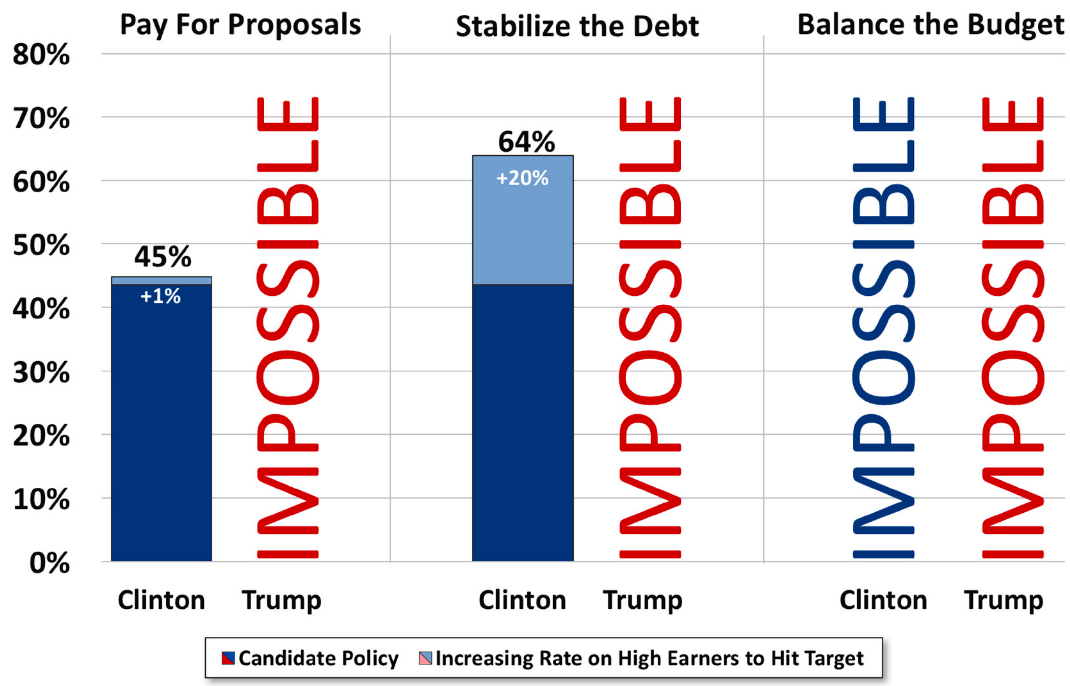
To stabilize the debt by raising tax rates only on households making more than $250,000, Clinton would need to increase the top individual income tax rate to about 64 percent. Combined with other taxes, this rate is close to or above what many economists view as the revenue-maximizing rate (also paying for sequester repeal would most likely require a rate above the revenue-maximizing level). Balancing the budget under Clinton's plan solely by increasing the top rate would likely be impossible, requiring a top rate well above revenue-maximizing levels.

For Trump, even fully offsetting the cost of his plan through rate increases on income above $250,000 would likely prove impossible under our central estimate. Achieving any measure of fiscal sustainability would require a hypothetical top tax rate near or above 100 percent.

Importantly, candidates could raise revenue in other ways – for example through base-broadening (though both have already proposed significant base-broadening) or new types of taxes. The numbers above are simply illustrative, designed to show the magnitude of the tax changes needed.

*This number has been corrected since publication.

Figure 26: Tax Increases on High Earners Needed Under Our Central Estimates (Percentage Point Tax Rate, Individuals Making over $5 million)



Source: CRFB calculations of statutory income tax rate for an individual with $5 million in adjusted gross income. Note: "high earners" includes all those making above $250,000. Option assumes equal percentage point increase in tax brackets above 33 percent (roughly $231,000 for a couple in 2016).

Attaining Fiscal Sutainability Through Economic Growth

A third possibility to achieve fiscal sustainability would be to encourage economic growth. Faster growth would not only increase the tax revenue that the government receives but would also lower the debt-to-GDP ratio by increasing GDP (the denominator in the ratio).

CBO projects real average annual economic growth of about 2.1 percent over the next decade – a growth rate that reflects historically typical levels of productivity growth, slowing labor force growth stemming primarily from the retirement of the baby boomers, a modest reduction in the relative size of the capital stock due largely to high debt, and a slightly higher chance (on a weighted basis) of recession than boom.

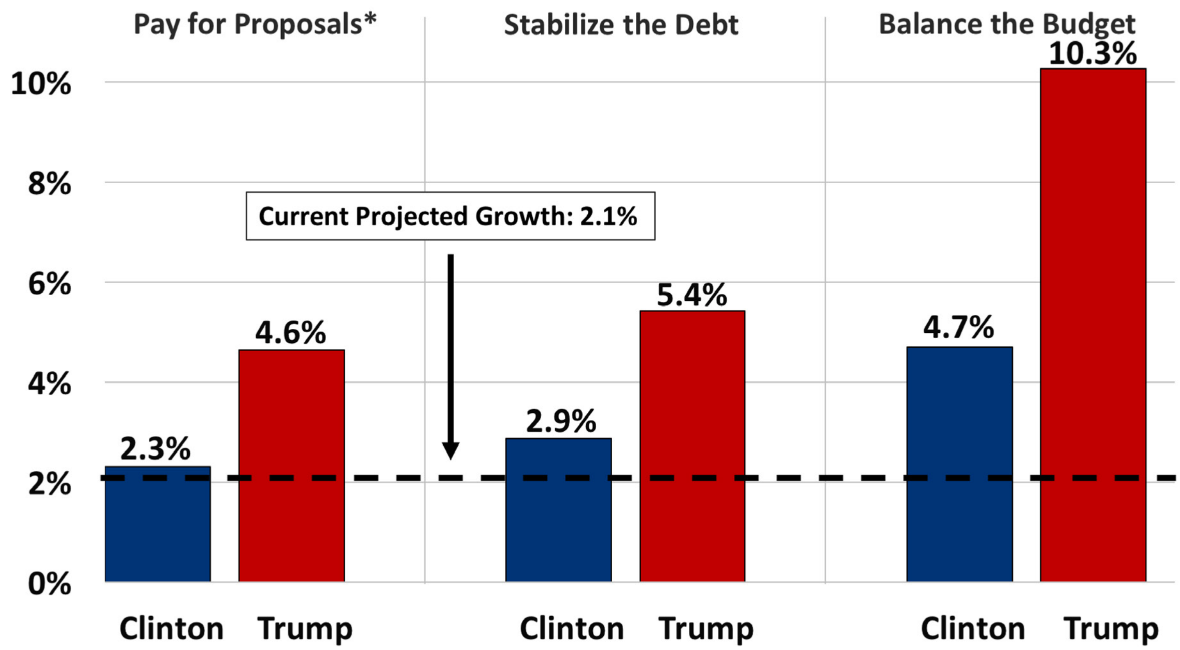
Trump has at various times set a goal of increasing that growth rate to 5, 6, or 7 percent, while Clinton has spoken more broadly about accelerating economic growth.

Yet to put the debt on a sustainable path using economic growth alone would be extraordinarily difficult and perhaps impossible for both candidates, particularly in Trump's case.

In order to stabilize the debt under her policies, based on our central estimate and inclusive of the economic effects of immigration reform, we very roughly estimate that Clinton would need to accelerate the annual growth rate to 2.9 percent. Balancing the budget would require a growth rate of 4.7 percent. And assuming growth were also paying for sequester repeal, those rates would rise to 3 and 4.9 percent, respectively. In other words, depending on Clinton's goal, annual growth would need to rise 40 to 135 percent.[4]

[4] Empirical evidence suggests that higher economic growth is generally accompanied by higher interest rates. For simplicity, we assume that the cost to the government from higher interest rates is fully offset by the savings from lower debt service as a result of additional revenue. In reality, the net feedback effect of economic growth could be lower or higher depending on which of these factors dominated, but it would likely fall within 10 percent of our estimates in either direction.

Figure 27: Real Economic Growth Rate Needed Under Our Central Estimates (Average Annual Real GDP Growth)



Source: CRFB calculations based on dynamic feedback projections from Tax Foundation for revenue and CBO for immigration reform and ACA repeal.
**We assume growth sufficient to maintain current law debt-to-GDP ratio of 86 percent by 2026, although nominal debt levels will still increase.*
Note: For stabilize the debt, we assume $2.9 trillion of savings relative to current law, enough based on current GDP projections to achieve a debt-to-GDP ratio of 75 percent by 2026. For balance the budget, we assume $7.8 trillion of deficit reduction over 10 years.

Meanwhile, stabilizing the debt would require a growth rate of 5.4 percent under our central estimate of Trump's policies; balancing the budget would require a growth rate of 10.3 percent. This represents a 160 percent to 390 percent increase above projected levels of growth.

These growth rates, particularly for Trump, would likely be unachievable. The United States has not experienced average growth above 4 percent over a decade since the late 1960s and early 1970s. The modern record for average growth, achieved in the late 1950s through early 1960s, was 4.9 percent. In both of those periods, growth was driven largely by economic recovery and by labor force increases, which have generated about 1 percentage point more of economic growth historically than is possible given today's aging population.

At best, the policies put forward by the candidates are likely to have modest effects on growth.

According to CBO and the Tax Foundation, Trump's Affordable Care Act repeal and tax reform (excluding its deficit impact), respectively, would accelerate economic growth. However, even combining these two estimates would result in a growth rate far lower than what Trump would need to pay for his plan – and neither estimate accounts for the negative economic effects of adding $11.5 trillion to the debt nor the potential negative impact of his trade and immigration plans.

Similarly, CBO has estimated immigration reform and federal investments similar to Clinton's proposals would accelerate economic growth. However, they would do so by only a few fractions of a percentage point, and the effects would likely be at least partially offset by Clinton's tax increases and other policy changes.

In summary, while both candidates' proposals include changes that could boost economic growth, this growth effect is likely to be quite small compared to what is needed to put the debt on a more sustainable path.

Conclusion

It is encouraging that, in this election, both candidates have put some emphasis on fiscal responsibility; Donald Trump has repeatedly expressed concern over the nation's large and growing national debt, while Hillary Clinton has laudably put forward specific offsets to pay for her new proposals.

Unfortunately, neither candidate has presented a proposal to address our growing national debt and put it on a more sustainable path, nor have they offered a proposal for shoring up the Social Security, Medicare, or Highway trust funds. Trump, in particular, would significantly worsen the debt.

By our central estimate, Clinton would add $250 billion to the debt over the next decade while Trump would add $11.5 trillion. As a result, debt would rise from 75 percent of GDP today to 87 percent by 2026 under Clinton's policies and 127 percent under Trump's policies.

Luckily, it is not too late for either candidate to put forward responsible policies – or modifications of their proposals – to put the debt on a more sustainable path.

We look forward to continuing to analyze their policies and to working with the next president to ultimately pass the deficit-reducing tax reform, entitlement reforms, and spending changes necessary to put the budget and economy on a stronger long-term path.

Appendices

Promises and Price Tags:

A Fiscal Guide to the 2016 Election

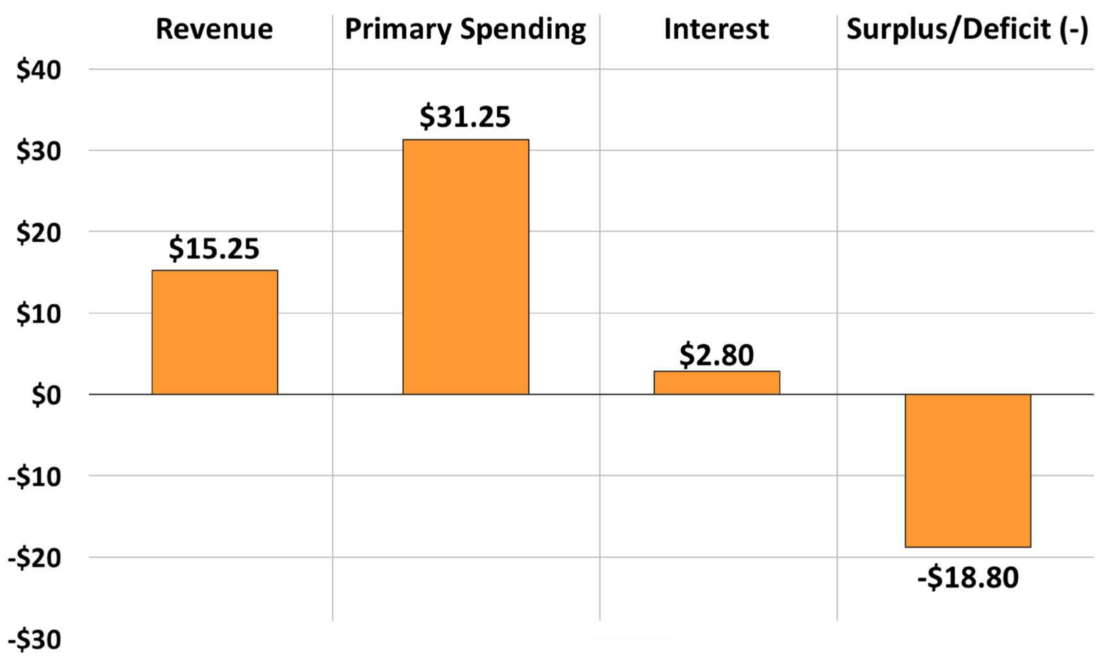
Appendix I: Other Candidates

This report focuses on analyzing the presumptive presidential nominees for the two major political parties. Though neither candidate has been officially nominated, both candidates currently control a majority of delegates necessary to secure their respective nominations. In addition, both candidates have polled with at least 35 percent support in the general election under every major poll released since late March.

However, several candidates not included in this analysis are worthy of discussion. A short discussion of three additional candidates is featured below. If a third (or fourth) candidate rises sufficiently in the polls as the campaign goes on, we will update our analysis to reflect their policies more fully.

Bernie Sanders – Although Clinton has captured enough delegates to win the Democratic nomination for president, Senator Bernie Sanders (I-VT) continues to advance his policy agenda. He has put forward an extremely detailed platform that includes new spending on universal single-payer health care, infrastructure investment, free college, government-paid family leave, higher spending on child care and early childhood education, expanded Social Security, and new spending on other initiatives. Sanders would pay for about half the cost of these initiatives through much higher income taxes on higher earners, increased payroll taxes across the board, increased estate taxes, new taxes on carbon and financial transactions, and higher taxes on businesses and corporations.

Figure 28: Ten-Year Change in Fiscal Metrics Under Sanders's Plan (Trillions)



Source: Committee for a Responsible Federal Budget

In May 2016, we estimated that Sanders's plan, on net, would increase deficits by $19 trillion over a decade – the net effect of $31 trillion of new spending, $15 trillion of revenue, and $3 trillion of interest costs. This increase would cause debt to more than double from 75 percent of GDP today to 154 percent of GDP by 2026. We believe this analysis still holds largely true today. Read our full analysis of Sanders's proposals.

Jill Stein – Jill Stein is the leading candidate for the Green Party's presidential nomination, and in most recent general election polls has received between 2 and 4 percent support. Ms. Stein has proposed – in broad terms – an ambitious agenda of new spending. Among the most costly parts of Stein's plan, she would expand investment in public transit, replace unemployment with a public works program, establish a single-payer health care system, provide paid sick leave, offer free education from preschool through college, and end poverty. Among her most significant cost savings policies, Stein would "Make Wall Street, big corporations, and the rich pay their fair share of taxes" while cutting military spending by at least half.

Although we have not analyzed this plan specifically – nor is there currently enough detail to do so – it would likely add significantly to the debt. To understand order of magnitude, one might assume that her spending is similar to what Sanders put forward (her goal of eliminating poverty could make it significantly more expensive, though different decisions over what her universal health care plan would cover could make it cheaper); that her revenue is similar to Sanders's tax increases, excluding his middle-class tax increases; and that she also reduces defense spending by 50 percent. Under that illustrative scenario, her plan would add over $22 trillion to the national debt, increasing it to over 150 percent of GDP. However, without more details on her plan, it is difficult to know whether the actual impact would be higher or lower.

Gary Johnson – Former Governor Gary Johnson (R-NM) is the current Libertarian Party nominee for president, and he has received between 4 and 12 percent support in a general election matchup in most recent polls. Although Johnson has not released a detailed campaign platform, he has put forward an agenda that appears to prioritize fiscal responsibility. Johnson says that he will submit to Congress a balanced budget that cuts spending – including military and entitlement spending – to bring it in line with revenue levels. Johnson also promises, on his campaign website, to veto legislation that would result in deficit spending. On taxes, he proposes to transition toward a flat-rate consumption tax (with a "prebate") in place of all income and payroll taxes. Unfortunately, too little information exists to assess the actual fiscal consequences of Johnson's proposals at this time.

Appendix II: Basis of Estimates

To develop our estimates of Secretary Clinton's and Mr. Trump's proposals, we first identified the universe of policies to consider and then estimated the revenue and spending implications of those policies over a ten year period.

Policy areas were identified from the candidates' official campaign websites as of June 24, 2016. Reviewing the websites, we identified which statements constituted policy proposals and then identified which proposals could have a significant fiscal impact. We supplemented the material on their websites with additional information from speeches, debates, news articles, other outside analyses of their proposals, and ongoing discussions with the campaigns.

We grouped individual policy changes into sets of proposals, rounding each to the nearest $50 billion and then excluding or scoring proposals that totaled significantly less than $50 billion as insignificant. For each set of proposals, we generated a low, central, and high cost estimate. Differences between these estimates are based both on differing available scores of the same policy and on different interpretations of the policy itself. Our low cost estimate incorporates dynamic scoring where possible, while our central and high cost estimates rely on conventional scoring that accounts for behavioral but not macro-economic changes. In many cases, costs ended up being the same in our low, central, and high estimates or in two of the three estimates.

Our estimates themselves come from a variety of respected sources, with specific sources cited below. When the campaigns provided their own estimates – particularly for new initiatives – we evaluated the validity of those estimates and relied on them if we found them to be credible. When the campaign provided per-year costs or savings, we assumed the value would be 10 times as large over the decade.

For many policies, we relied on outside sources such as the Congressional Budget Office (CBO) or Tax Policy Center (TPC) – both by directly using their estimates of campaign policies and adjusting their estimates of similar policies

When no credible campaign or outside estimate was available, we generated our own estimates based on the available evidence from respected and independent sources.

In general, our estimates assume policies start at the beginning of 2017, though actual start dates would surely differ.

Our estimates should be considered both very rough and very preliminary. As more information becomes available and more policies are put forward, we intend to continue to update our estimates of the candidates' plans. More details on our scoring is available below.

Health Care Proposals

For Clinton's plan to expand the Affordable Care Act ("Obamacare"), we relied on a number of sources and made adjustments as necessary. Like Clinton, Linda Blumberg and John Holahan of the Urban Institute have proposed to limit premiums on the health care exchanges to no more than 8.5 percent of income, increase premium subsidies for those currently on the exchanges, fix the so-called "family glitch," and expand support for cost-sharing. The Urban Institute estimates these four changes would cost about $340 billion over a decade. Based on Clinton's campaign website as well as discussions with the campaign, we believe her policies would likely be more modest and cheaper than Urban's; in our central estimate, we assume the expansion of premium subsidies would cost about half of the Urban plan, while her other policies would cost a similar amount – bringing the total to roughly $230 billion. On top of this, we believe Clinton's policy to extend full federal support to states that have not yet adopted the Medicaid expansion would be virtually identical to President Obama's proposal, which CBO estimated would cost about $30 billion. Finally, we estimate Clinton's plan to spend $500 million per year on Medicaid and exchange outreach would not only require $5 billion of direct spending but would lead to $25 billion to $50 billion more in Medicaid and exchange subsidy costs for new enrollees.

Since the publication of this analysis, Clinton has released an expansion of her health proposals not reflected here. Read more about this policy expansion.

For our high cost estimate, we charged Clinton for the full cost of Urban Institute's $231 billion proposal to enhance premium tax credits and the full $117 billion cost of Urban's plan to fix the family glitch.

Our estimate of Clinton's plan to repeal the Cadillac tax is based on estimates from CBO. Actual costs could be somewhat higher due to interactions with Clinton's other health policies.

Our estimates of Clinton's health offsets were based largely on CBO estimates of President Obama's budget, which – like Clinton – would expand drug rebates and enact other drug savings. We also assume Clinton's payment reform and anti-fraud efforts match those policies in the President's budget that expand and reform both Accountable Care Organizations and bundled payments and improve program integrity. To estimate the costs of allowing drug importation from other countries and repealing the deductibility of drug advertising, we rely on press reports of previous CBO scores. Finally, our estimate of Clinton's "public option" is loosely based on CBO's 2013 estimate of implementing a national "public option." Although at the time CBO estimated savings of $160 billion through 2023, we predict Clinton's plan would save roughly one quarter of that – even against a new budget window – since it only allows states to establish a "public option," rather than requires them to do so.

For Trump's health care reform plan, we combined the net cost of repealing Obamacare with the net cost of his new health reform proposals. Adjusting CBO's estimate of the cost of repeal forward to assume a later date of enactment, repealing Obamacare would cost nearly $500 billion under conventional scoring. This is the net effect of $1.65 trillion in less spending on coverage, $1.2 trillion in less revenue, and $940 billion more in costs from reversing the Medicare cuts in the law. Our low cost estimate incorporates CBO's estimated economic feedback effects of Obamacare repeal. CBO believes the law includes components that discourage work and (to a much lesser extent) investment. Repealing it would increase GDP by about 0.7 percent and generate more than $200 billion of deficit reduction over a decade – bringing the cost of repeal to about $250 billion.

We have also estimated Trump's other health proposals – allowing insurance to be sold across state lines, creating a new tax deduction for individual insurance premiums, and allowing prescription drug importation – to cost about $70 billion on net. We explain these in our analysis of Trump's health reform plan. Additionally, we evaluated Trump's proposal to negotiate prescription drug prices for Medicare. Because similar proposals have found savings to be negligible, both our high and central cost estimates assume no savings for this proposal; under our low cost estimate, we assume that Trump would make more aggressive changes than simply allowing negotiation, and therefore he could attain savings similar in magnitude to President Obama's proposal to enact Medicaid's prescription drug payment policies for Medicare Part D. This policy generates about $130 billion of savings over a decade.

Given the huge variability of possible options for Medicaid block grants and lack of any indication of specifics from either Trump's website, speeches, or direct conversations with the campaign, we have a broad range of estimates for this proposal. Trump's website only states that he would block-grant the funding to the states, but this doesn't indicate how much Trump would spend on these block grants or how they would grow over time. For our low estimate, we assumed an aggressive block-grant program based on the proposed FY 2017 House Republican budget resolution, which would save over $1 trillion over a decade. For our high estimate, we assumed that Trump would issue block grants in an amount equivalent to the current projected spending for the Medicaid program, saving nothing over ten years but giving states more flexibility to manage their own programs. For our central estimate, we assumed a middle ground in which Trump would save roughly $500 billion by starting block grant spending at current levels and growing them at about the rate of inflation. It is possible that a block grant program could lose money, if for instance the grants grow with overall health costs, or could save far more than $1 trillion; however, insufficient information exists to know whether Trump's plan would do either. You can read more about block-granting Medicaid in our analysis of Trump's health reform plan.

Tax Proposals

The majority of Clinton's tax proposals have been modeled and estimated by the Tax Policy Center (TPC) in its comprehensive analysis of Clinton's tax plans. We relied on TPC's estimates even when they differed slightly from our own in order to provide consistency across estimates, though often we used our own estimates to divide and allocate TPC numbers and when no TPC estimate was available.

Our estimate of Clinton's 28 percent limitation came directly from TPC's analysis, while our estimate of her capital gains reform combined TPC's numbers for Clinton's long-term holding period reform with our approximation of carried interest from TPC's estimate for a larger set of proposals described in the following paragraph.

Our estimate of Clinton's other taxes on higher earners combined our approximation of TPC's estimate for marking derivatives to market and limiting the deferral in retirement accounts with TPC's estimate for the 4 percent surtax above $5 billion and implementing a Buffett rule. The estimate also included about half the potential revenue from the tax gap reduction changes in President Obama's budget as estimated by the Joint Committee on Taxation (JCT); we distributed the other half of these changes to Clinton's business tax revenue.

Our business tax estimates are based largely on TPC's estimates. Specifically, we used TPC's estimates of Clinton's international tax reforms to prevent inversions and earnings stripping and reductions in fossil fuel breaks for both individuals and businesses. We combined these estimates with the campaign's estimate for the proposal to clawback tax benefits from companies that move abroad and JCT's estimate of former Congressman Dave Camp's (R-MI) proposal to reform executive compensation.

Our estimate of Clinton's estate tax changes came directly from TPC.

Our estimate of Clinton's proposed risk fee on financial institutions assumes the fee is broadly similar to the one proposed by President Obama, which JCT has estimated would raise $111 billion over a decade.

Since the publication of this analysis, Clinton has released an additional tax proposal not reflected here. Read more about this tax proposal.

Although Clinton has called for $275 billion of further revenue from business tax reform, too little detail has been provided to assess the validity of this claim, so we did not incorporate it into our central estimate. Our analysis was also unable to estimate proposals to tax high frequency trading and strengthen the Volcker rule to prevent banks from making certain speculative investments in hedge funds, though we suspect the impact of these policies will be small.

Our low cost estimate incorporated Clinton's $275 billion in unspecified business tax reform revenue and replaced TPC estimates with more generous estimates from the left-leaning Citizens for Tax Justice where available. Meanwhile, our high cost estimate was based on less generous estimates of several of her tax policies from the right-leaning Tax Foundation.

For Trump, our low and central cost estimates were largely based on the TPC's estimate, which found that his plan will cost $9.5 trillion over ten years; we adjusted this estimate to remove overlap with his Obamacare repeal measure. In addition, we modeled a score off Senator Ron Wyden (D-OR) and former Senator Judd Gregg's (R-NH) 2010 tax reform bill to account for Trump's plan to impose a reasonable cap on interest deduction, which none of the three estimating organizations modeled.

Since the publication of this analysis, Trump has announced that he will be releasing a revised version of his tax reform plan. Read more about the upcoming tax plan.

Our low cost estimate also assumes that Trump's tax plan – along with his health plan – will boost GDP, using estimates from the Tax Foundation that suggest GDP would be 11.5 percent higher after a decade (though the Tax Foundation has also pointed out that this growth would likely not materialize due to the negative economic effect of borrowing). Because the dynamic revenue estimate from the Tax Foundation was still higher than the conventional estimate from TPC, we did not incorporate it into the low estimate and instead used TPC's estimates for individual revenue measures. However, our low estimate did assume higher GDP will result in a lower debt-to-GDP ratio.

Our high cost estimate for Trump was based on the static revenue numbers from the Tax Foundation and Citizens for Tax Justice, which both estimated Trump's tax plan would cost about $12 trillion over a decade (and somewhat less when adjusted for Obamacare and last year's tax extenders deal).

Spending Proposals

For Clinton's college education plan, we relied on the campaign's estimated cost of $350 billion over ten years. This estimate is consistent with our own rough analysis, which found her plan to support tuition-free community college and "debt-free" public college would cost about $200 billion, while other initiatives included in the plan would cost $100 billion to $200 billion more. *Since the publication of this analysis, Clinton has released an expansion of her college proposal not reflected here. Read more about this policy expansion.*

For Clinton's early education plans, we assumed her universal preschool proposal is the same as President Obama's, which CBO estimated will cost $66 billion over a decade. To estimate the cost of doubling Early Head Start funding, we calculated the current projected cost based on numbers from the Department of Health and Human Services. On the child care side, Clinton's proposals are somewhat vague. In our central estimate, we assumed her proposal is roughly equal to the spending initiative for expanding access to high quality child care contained in President Obama's FY 2017 budget plus his proposal to expand the Maternal, Infant, and Early Childhood Home Visiting program, totaling roughly $100 billion. In the case of our high cost estimate, we added the Center for American Progress's proposal for child care tax credits at a cost of about $400 billion over a decade.

The estimate for Clinton's infrastructure plan came primarily from the campaign. She proposes to spend $275 billion on infrastructure and $25 billion for housing revitalization projects.

For Clinton's paid family and medical leave proposal, we assumed costs will likely match the plan put forward by Senator Sanders, which the Tax Policy Center has estimated would cost $270 billion over a decade. Our high cost estimate used a slightly higher cost of $35 billion per year as estimated by the Center for American Progress. Note that estimates from the American Action Forum suggest the cost of paid family leave could end up being much higher. In estimating Clinton's proposed caregivers' credit, we relied on a press report putting the cost at about $10 billion over a decade.

Our cost estimates related to energy and research come from a mixture of campaign numbers, TPC estimates, and our own projections. In terms of explicit costs, Clinton stated she would invest $60 billion for the Clean Energy Challenge, $30 billion to revitalize coal communities, and $20 billion on Alzheimer's research. Further, TPC estimated that expanding the New Markets Tax Credit and creating a Manufacturing Renaissance Tax Credit would cost an additional $9 billion.

For estimates on her economic revitalization plan, Clinton says she would invest $20 billion in youth jobs, $5 billion in reentry programs for the incarcerated, $25 billion to support small business entrepreneurs and underserved communities, $20 billion for a profit-sharing credit, and $10 billion for the Make it in America program.

Our estimate of Clinton's veterans proposals is quite rough, but we believe it will cost somewhere in the broad range of $50 billion over a decade based on our review of it along with conversations with the campaign.

Absent from this analysis of costs are estimates for requiring health plans to cover three sick visits, capping individual drug costs at $250 per month, combatting drug and alcohol addiction, doubling funding for the U.S. Department of Justice's Collaborative Reform program that supports police department reforms, offering matching federal funding to equip police forces with body cameras, and creating a $1,500 tax credit for every apprentice that a business hires. On net, these changes are likely to increase costs by a small amount.

In addition, Clinton has expressed some support for fully funding the Individuals with Disabilities Education Act (IDEA), expanding Social Security for certain populations, and repealing both the defense and non-defense sequester. Based on review of the campaign's website and discussions with the campaign, we view these as goals that may be addressed by future proposals rather than developed policies, so they are excluded from our central estimate. If we did account for them, they would add more than $1 trillion to the cost of her new proposals. We incorporated $750 billion of this – from repealing the defense and non-defense sequester – into our high cost estimate.

On education, Trump has said he would end Common Core. We have estimated that ending Common Core would not produce any significant savings to the federal government.

In a speech on energy policy, Trump advocated his "America First Energy Plan." Because he has said that all revenue from energy production would be spent on infrastructure investment, we did not estimate this proposal as having any net fiscal impact.

Trump's most significant spending proposal is his plan to reform the Department of Veterans Affairs (VA) and the VA health system. While most of his policy proposals would have relatively small and largely offsetting costs and savings, Trump's plan to allow "all veterans eligible for VA health care [to] bring their veteran's ID card to any doctor or care facility that accepts Medicare to get the care they need immediately" (emphasis in original) would come with significant cost. In 2014, CBO estimated several similar but less expansive bills would roughly double VA health spending – costing in the range of $500 billion over a decade. Unlike legislation that would limit private health care to those facing long wait times at the VA and based on VA contracts, Trump's proposal would offer private health care to all veterans and allow them to see any doctor that accepts Medicare. As a result, his proposal could be significantly more expensive and ultimately cost between $500 billion and $1 trillion over ten years. We assumed $500 billion of costs in our low and central estimates and $1 trillion in our high estimate.

Trump has not yet released any official plan on rebuilding the military, but he has emphasized on the campaign trail and in speeches and interviews that he would devote resources toward rebuilding it. Because of the lack of specificity, we only assumed a cost for this in our high cost proposal – making it equal to the cost of repealing the defense sequester.

For reforming trade relations, we were unable to put specific costs or savings on the proposals currently contained on Trump's website. However, he has said in interviews and articles that he would impose tariffs of 45 percent and 35 percent on China and Mexico, respectively. The National Foundation for American Policy has estimated that these tariffs – and an additional one on Japan – could bring in about $65 billion of additional tax revenue per year, though they caution that this could greatly harm economic growth. Because of the uncertainty behind this proposal, we have added the revenue savings to our low cost estimate.

Immigration Proposals

Clinton's immigration plan shares many components with the bill that passed the Senate in 2013. Although there are also many differences, we assumed for simplicity that her immigration policy will save an amount similar to the Senate bill – about $100 billion on net due to a larger labor force paying nearly $400 billion more in taxes and receiving $300 billion more in government benefits, according to CBO's most recent estimate of the President's budget. In order to generate these savings, immigration reform would need to increase the size of the economy; however, consistent with CBO's conventions, we assume no change in GDP in our central estimate. To avoid distorting information on the effect immigration reform would have on the size of government as a share of GDP, we distributed all the (net) savings to the revenue side of the ledger rather than assuming both higher spending and revenue.

On immigration and the border wall, a number of Trump's policies would have fiscal implications, but they would be to a large degree offsetting. For example, CBO has scored a national e-verify system as costing about $30 billion over ten years, while CBO and JCT have estimated that policies intended to eliminate tax credits given to unauthorized immigrants could save about $30 billion. Using a 2013 CBO estimate of the cost of hiring additional Immigration and Customs Enforcement (ICE) officers, we estimated that tripling the number of ICE officers from 5,000 to 15,000 would cost about $25 billion over a decade. We also calculated the cost of deporting all criminal aliens using the American Action Forum's (AAF) estimate of deporting all unauthorized immigrants, divided by the cost per-person and multiplied by an estimated amount of criminal aliens (both authorized and unauthorized) in the U.S. This totaled around $10 billion, which was mostly offset when we took into account our estimate that defunding sanctuary cities could save about $10 billion over a decade. Finally, we took into consideration many estimates of the cost of a border wall between the U.S. and Mexico. For our estimate, we used a cost of about $25 billion, and we partially offset that with Trump's goal of raising up to $10 billion either being provided by Mexico or as a result of increased visa fees for Mexican immigrants, tariffs on Mexican goods, or remittance fees – netting a $15 billion cost. We did not take into account the negative effects on the economy that would result due to slowing immigration and decreasing the size of the workforce. On net, we expect Trump's immigration and border wall plans would otherwise add about $50 billion to the debt.

On the campaign trail, Trump talks about the deportation of all unauthorized immigrants as part of his immigration plan. However, his website does not include it as a part of his policy proposal. Therefore, we interpreted this as being a separate policy that Trump may or may not pursue and thus only count it in our high cost estimate. In that scenario, we used AAF's estimate of deporting all unauthorized immigrants, but we adjusted it for the cost already charged to the plan of deporting all criminal aliens. On net, this would total about $300 billion.

Social Security Proposals

We do not credit Clinton with any revenue from increasing Social Security taxes nor costs from increasing Social Security spending. In our assessment, these changes represent goals but not concrete policy proposals. In addition, there is not a lot of specificity in her statements thus far.

We also did not credit Trump with his promise to eliminate waste, fraud, and abuse in the Social Security system, because as we have shown, that would yield negligible savings at best.

Net Interest

Additional borrowing will, by definition, lead to higher levels of debt and therefore greater interest payments. We calculated interest costs by applying CBO's interest rates and other assumptions to the annual non-interest borrowing under each candidate's plan. Although our estimates of each provision were based on ten-year totals only, we constructed rough year-by-year paths – based on actual estimates where available and rough assumptions in other cases – in order to generate interest estimates. Actual interest might be smaller or larger based on actual spending and revenue paths, but the difference is likely to be minor.

The Committee for a Responsible Federal Budget does not endorse any candidate or any candidate's policies. All estimates are rough and rounded.