

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

July 2016

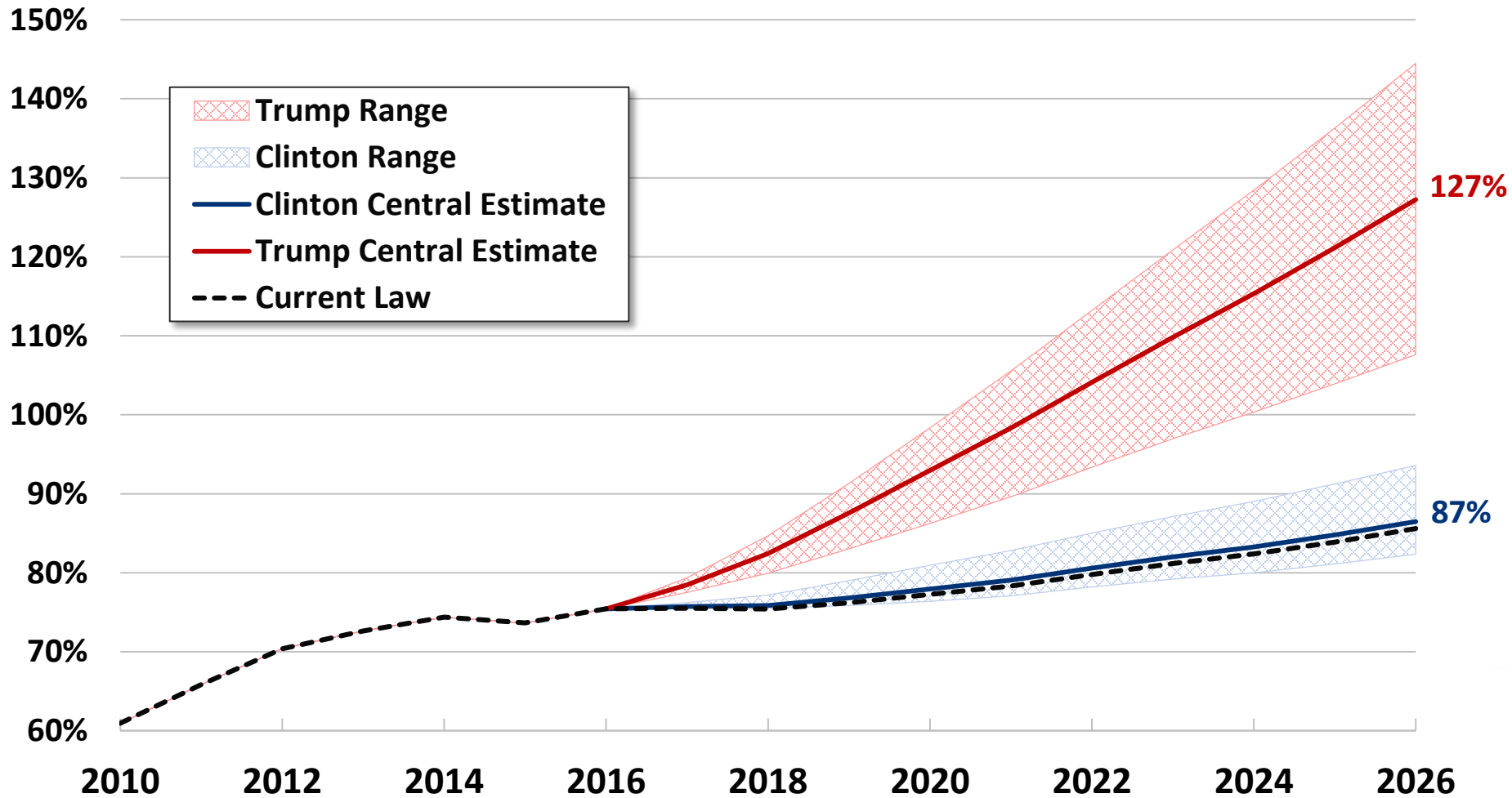
[Read the Paper Here](#)



**COMMITTEE FOR A
RESPONSIBLE FEDERAL BUDGET**

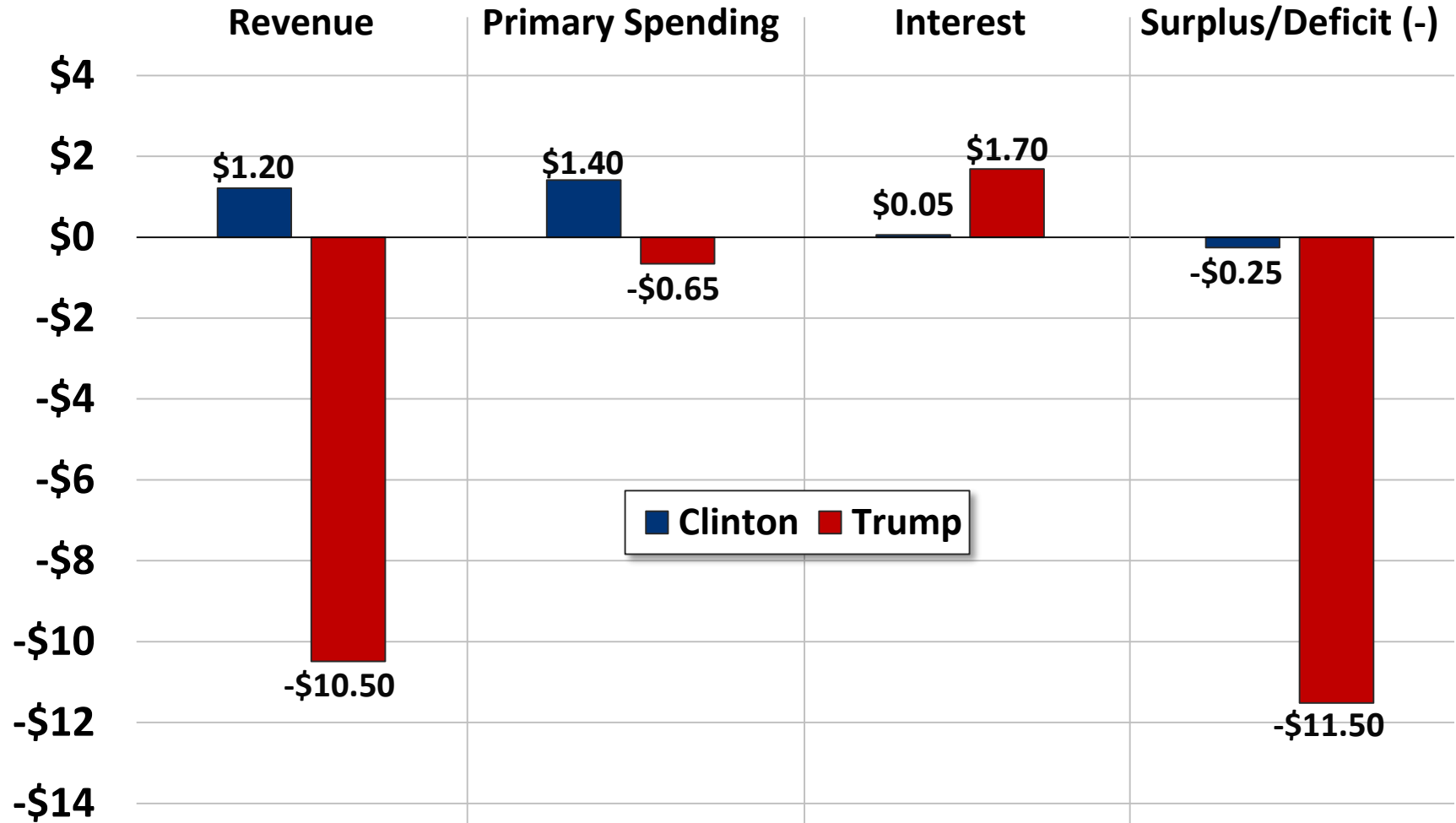
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Debt Under Candidates' Proposals (Percent of GDP)

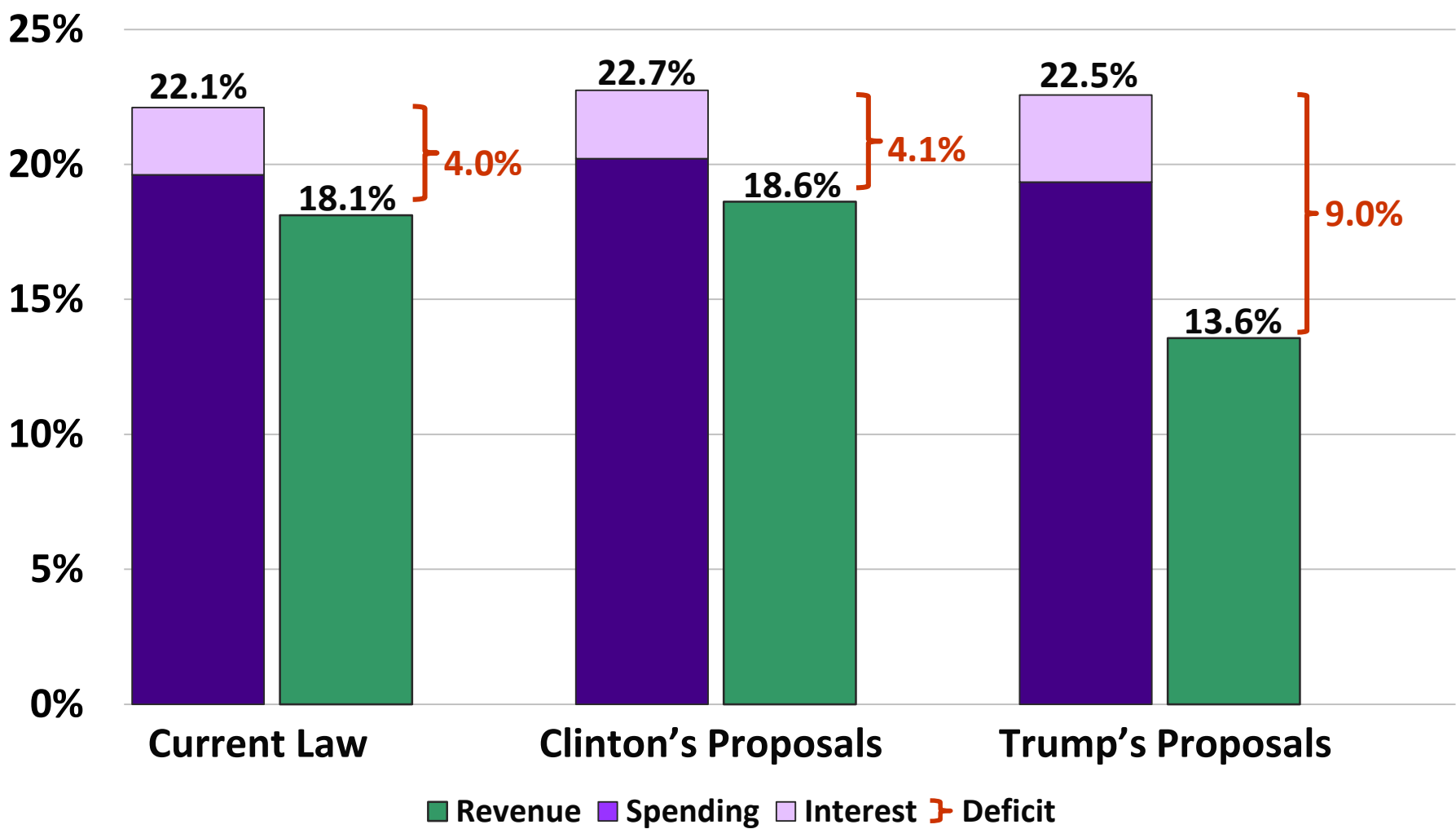


Source: Committee for a Responsible Federal Budget

Ten-Year Change in Fiscal Metrics Under Our Central Estimates (Trillions)



Ten-Year Spending, Revenue, and Deficits Under Our Central Estimates (Percent of GDP)



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

Key Findings Under Central Estimates for Each Candidate (2017-2026)

	Clinton	Trump
Increase in Revenue	\$1.20 trillion	-\$10.50 trillion
Increase in Primary Spending	\$1.40 trillion	-\$0.65 trillion
Increase in Interest Costs	\$0.05 trillion	\$1.70 trillion
Total 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%

[Read the Paper Here](#)

Details of Their Plans

Summary of Candidates' Policy Proposals (Cost/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
<i>Memo: Low to High Cost Estimates</i>	<i>-\$0.15 to \$2.20 trillion</i>	<i>\$9.70 to \$16.30 trillion</i>

Read the Paper for More Details about Their Plans

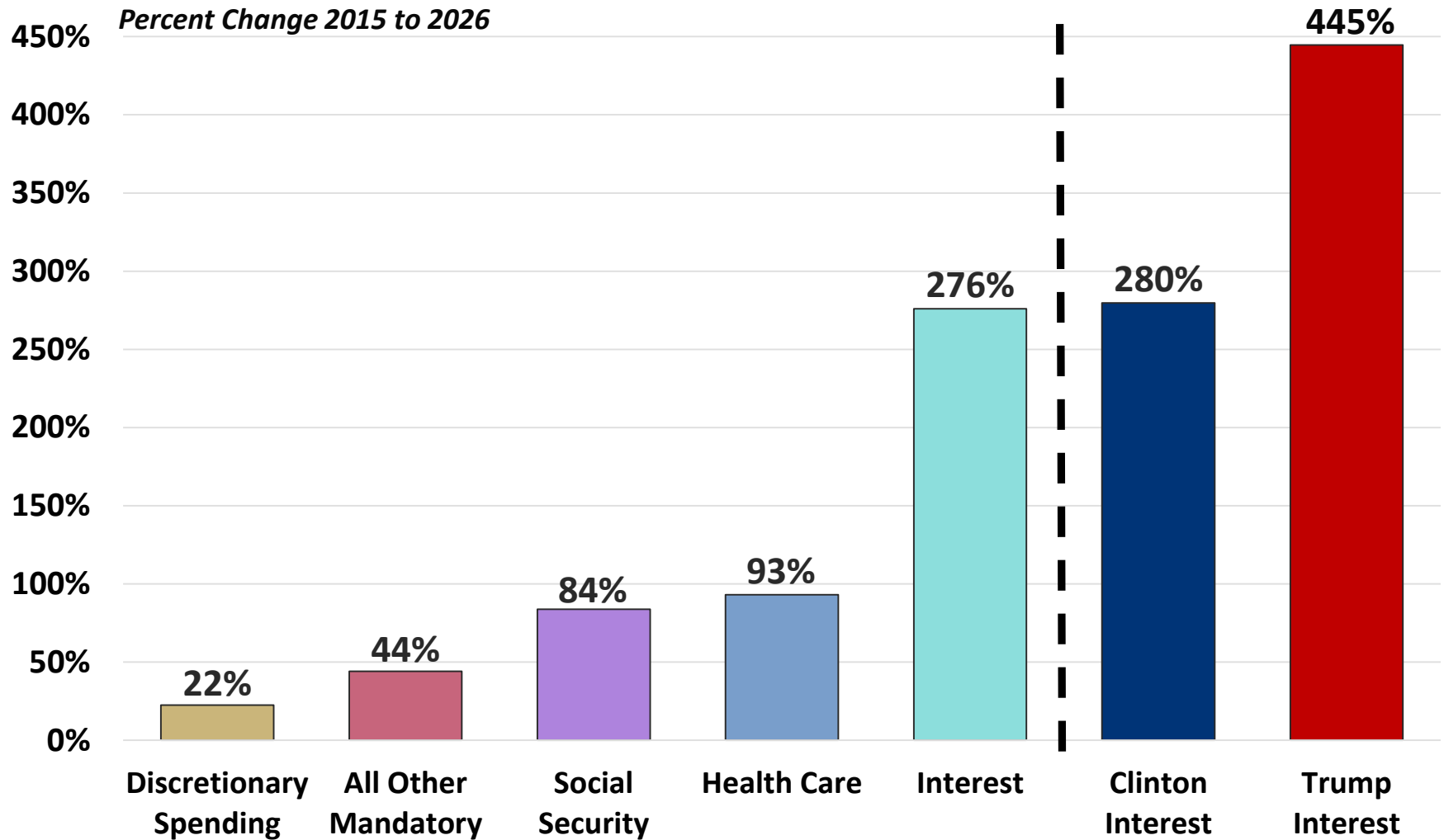
Proposal	Clinton	Trump
HEALTH POLICIES		
Affordable Care Act ("Obamacare") changes	\$0.30 trillion	\$0.50 trillion
Changes to tax treatment of health insurance	\$0.10 trillion	\$0.10 trillion
Drug cost reductions, insurance market reforms, and other changes	-\$0.20 trillion	-\$0.05 trillion
Tax deductibility of advertising costs	-\$0.05 trillion	n/a
Medicaid block grants	n/a	-\$0.50 trillion
Subtotal, Impact of Health 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
<i>Memo: Low to High Cost Estimates</i>	<i>-\$0.15 to \$2.20 trillion</i>	<i>\$9.70 to \$16.30 trillion</i>

The Candidates, Side by Side

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Interest Is Fastest Growing Category Under Both Candidates

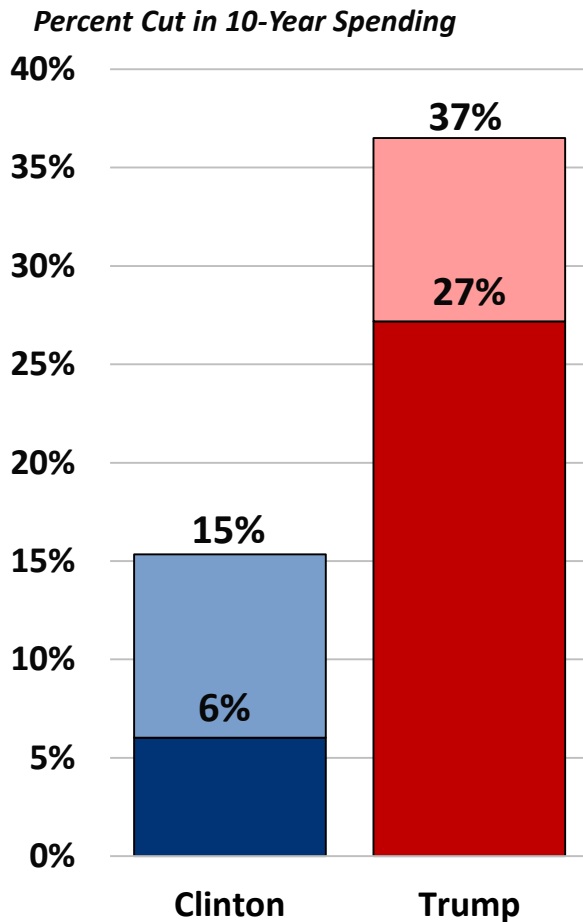


Source: CRFB calculations based on Congressional Budget Office projections.

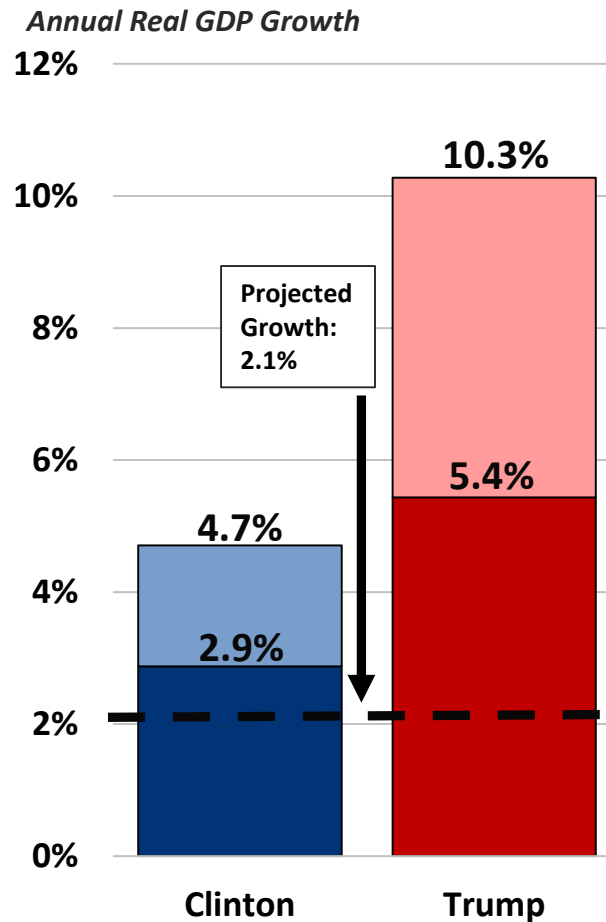
What Would It Take to Get Debt Under Control?

Attaining Fiscal Sustainability Under the Candidates' Plans

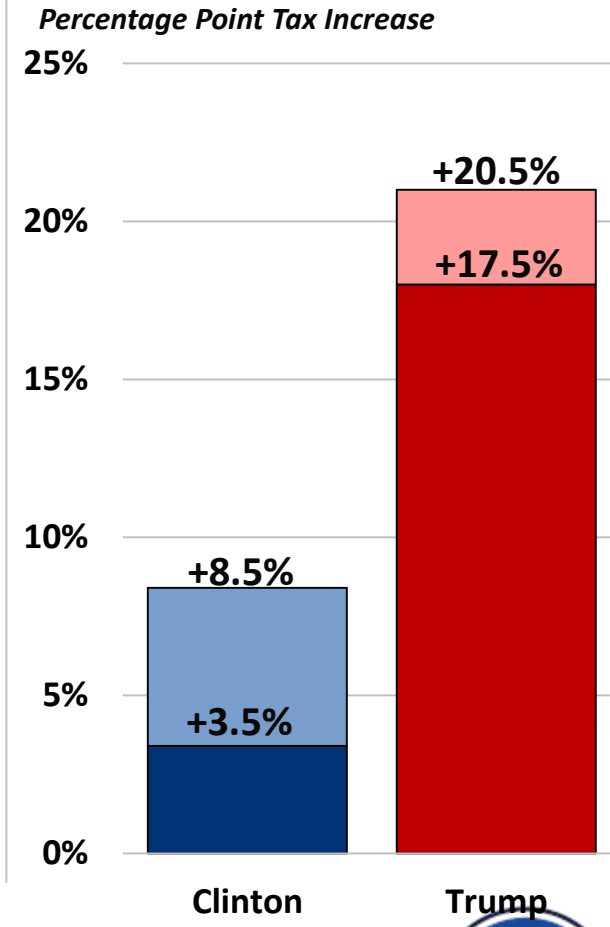
Cuts Needed



Growth Needed



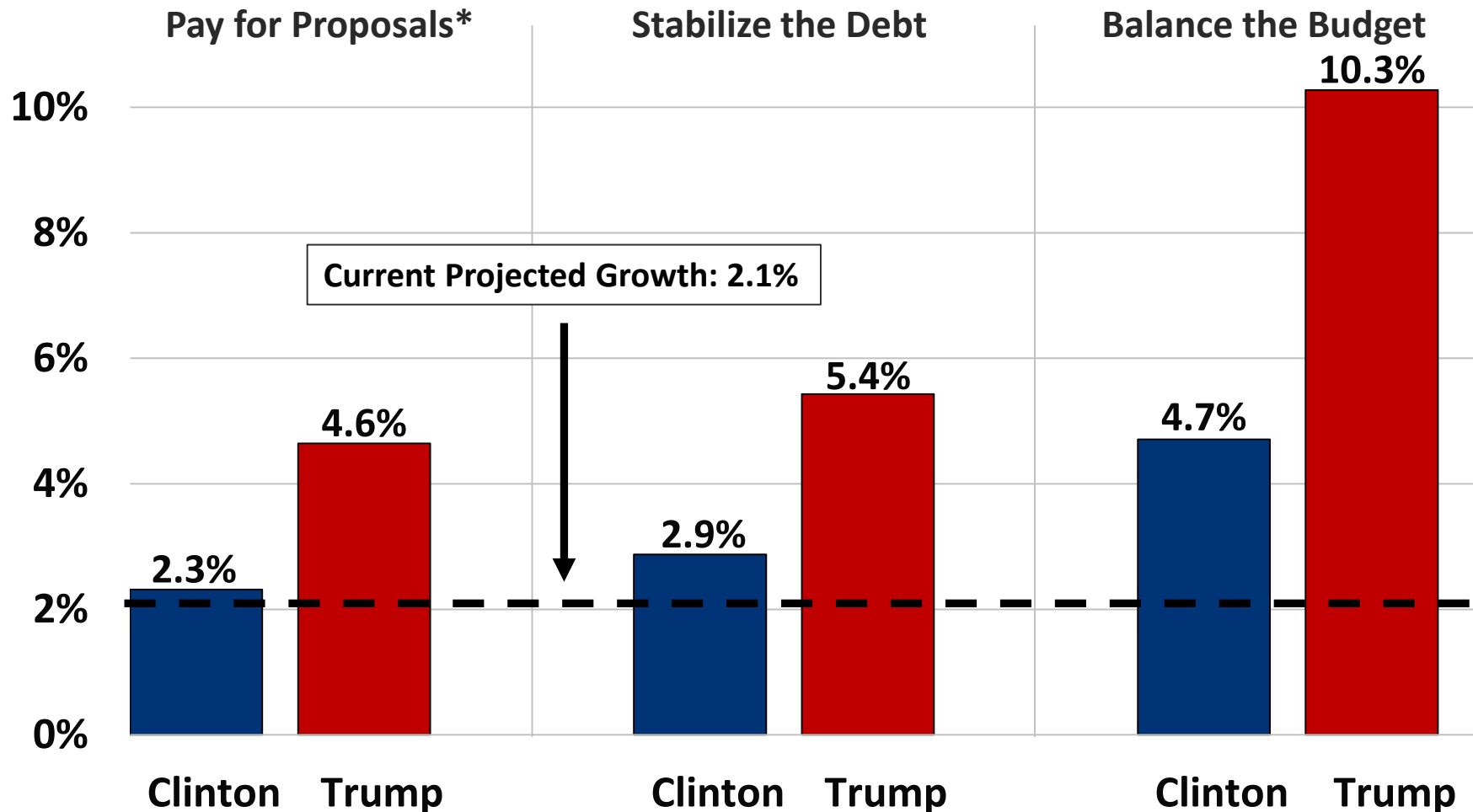
Tax Hikes Needed



■ Stabilize the Debt ■ Balance the Budget



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



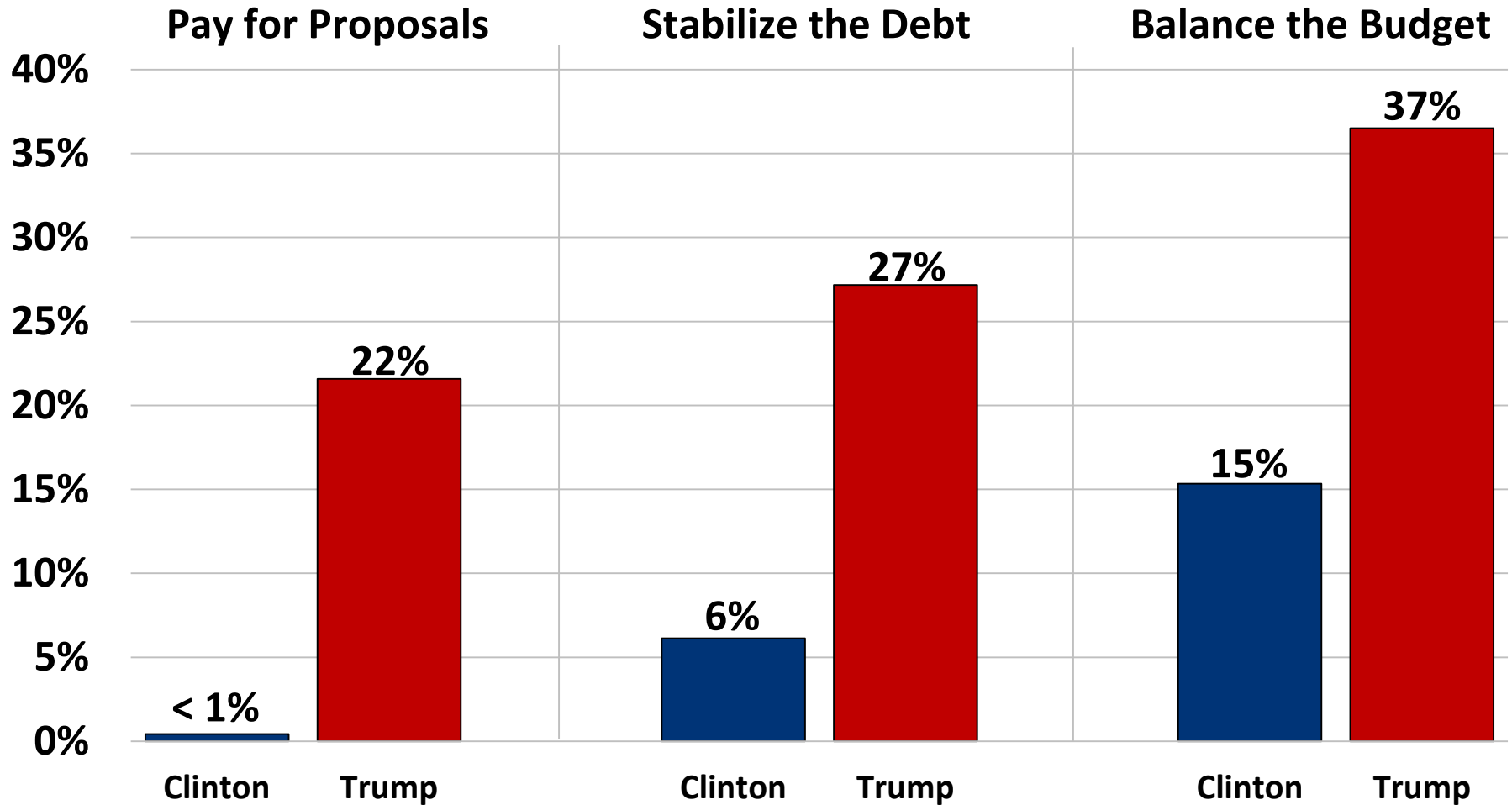
Current Projected Growth: 2.1%

Source: CRFB calculations based on dynamic feedback projections from Tax Foundation for revenue and CBO for immigration reform and ACA repeal. | *We assumed growth sufficient to maintain currently law debt-to-GDP ratio of 86 percent by 2026, although nominal debt levels will still increase. | Note: For stabilize the debt, we assumed \$2.6 trillion of non-interest savings relative to current law (the equivalent of \$2.9 trillion with interest), enough based on current GDP projections to achieve a debt-to-GDP ratio of 75 percent by 2026. For balance the budget, we assumed \$7.8 trillion of deficit reduction over 10 years to account for interest.

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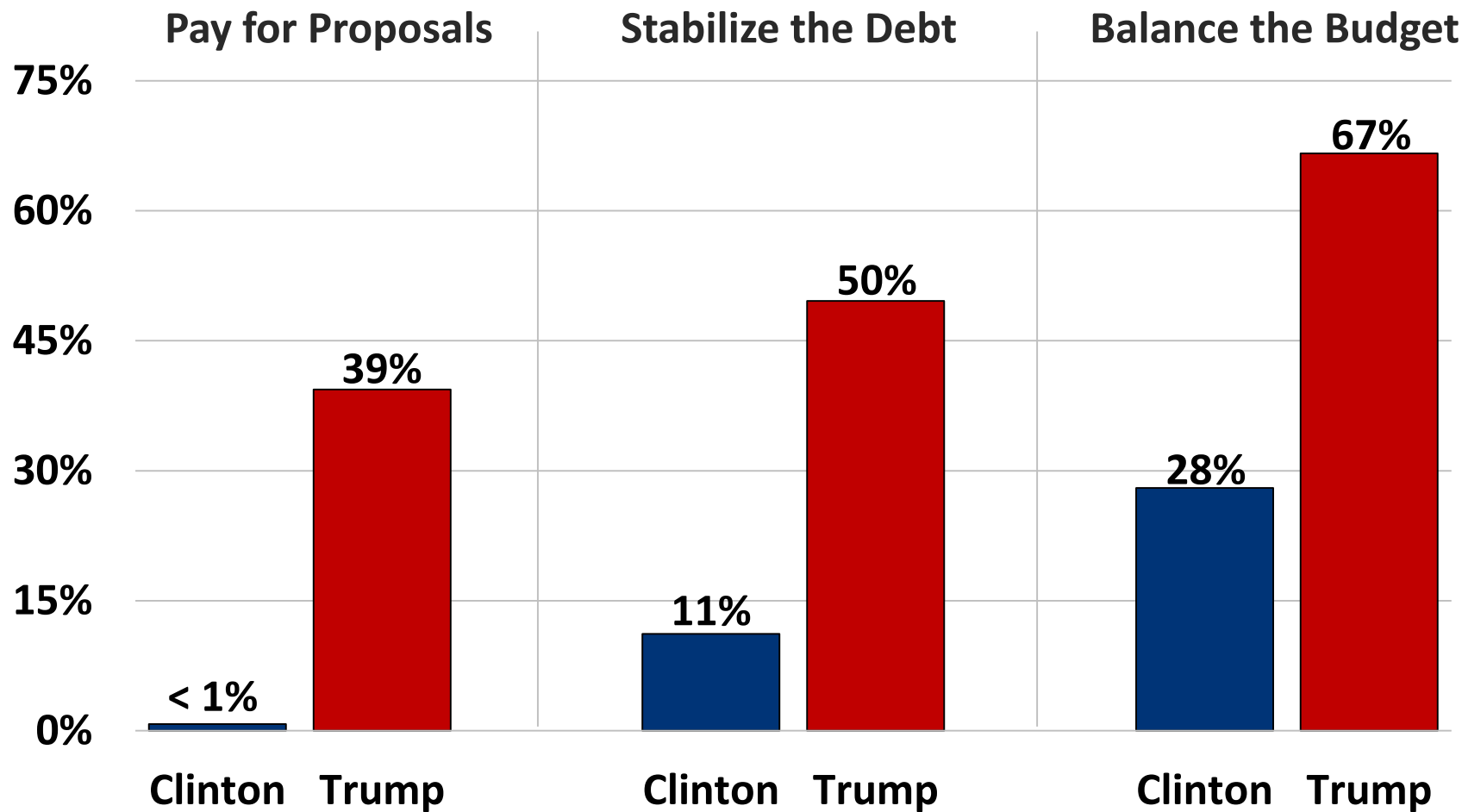
Spending Cuts Needed Under Our Central Estimates (Percent of All 10-Year Primary Spending)



Source: CRFB calculations based on Congressional Budget Office projections. For stabilize the debt, we assumed \$2.6 trillion of non-interest savings relative to current law (the equivalent of \$2.9 trillion with interest), enough based on current GDP projections to achieve a debt-to-GDP ratio of 75 percent by 2026. For balance the budget, we assumed \$6.8 trillion of non-interest savings over a decade relative to current law (the equivalent of \$7.8 trillion with interest), enough to balance the budget using the path from the 2015 House Budget Resolution. The actual 10-year savings to balance could differ substantially based on how policies are implemented.



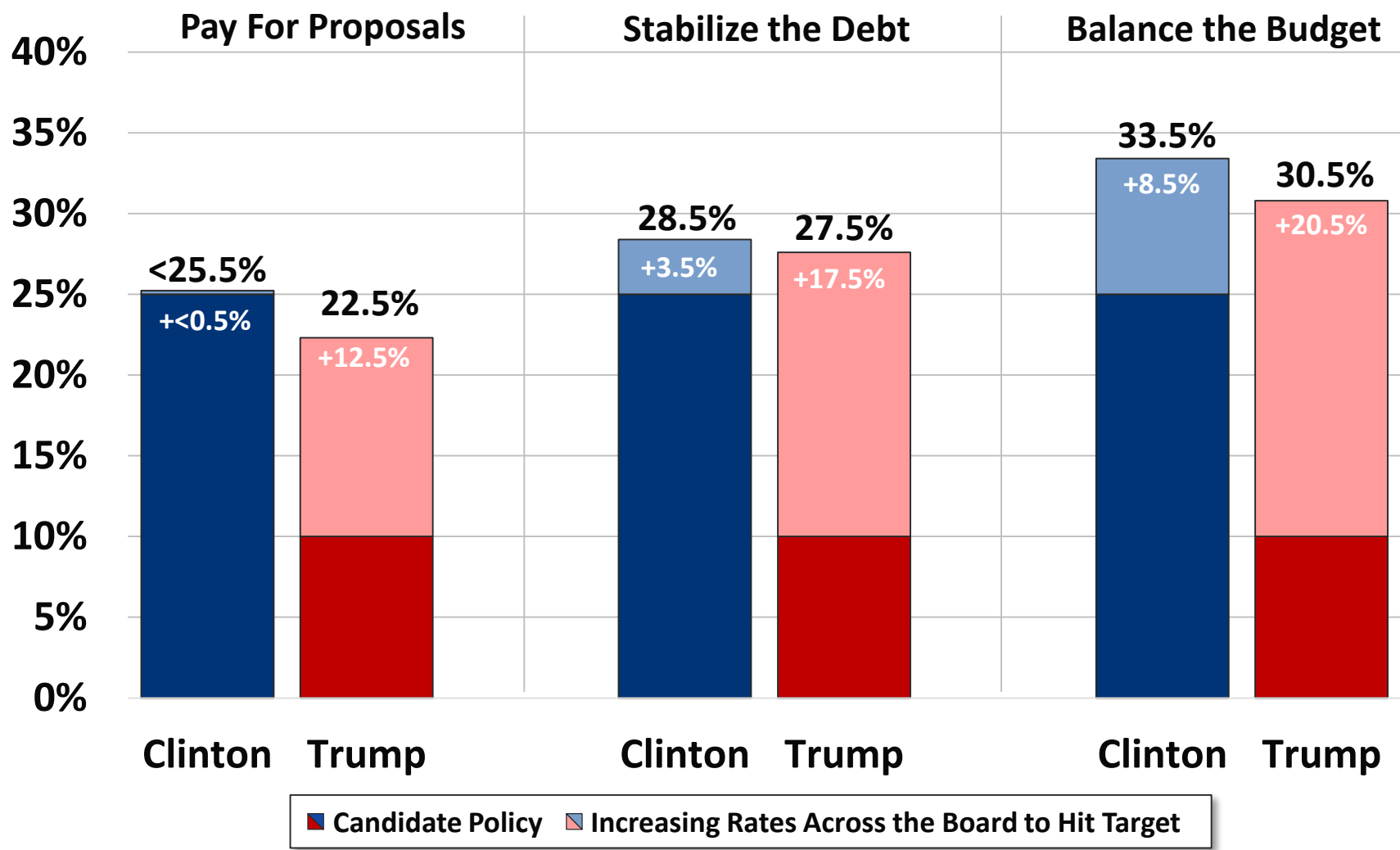
Spending Cuts Needed, Exempting Social Security & Medicare, Under Our Central Estimates (Percent of 10-Year Primary Spending, Excluding Social Security & Medicare)



Source: CRFB calculations based on Congressional Budget Office projections. For stabilize the debt, we assumed \$2.6 trillion of non-interest savings relative to current law (the equivalent of \$2.9 trillion with interest), enough based on current GDP projections to achieve a debt-to-GDP ratio of 75 percent by 2026. For balance the budget, we assumed \$6.8 trillion of non-interest savings over a decade relative to current law (the equivalent of \$7.8 trillion with interest), enough to balance the budget using the path from the 2015 House Budget Resolution. The actual 10-year savings to balance could differ substantially based on how policies are implemented.

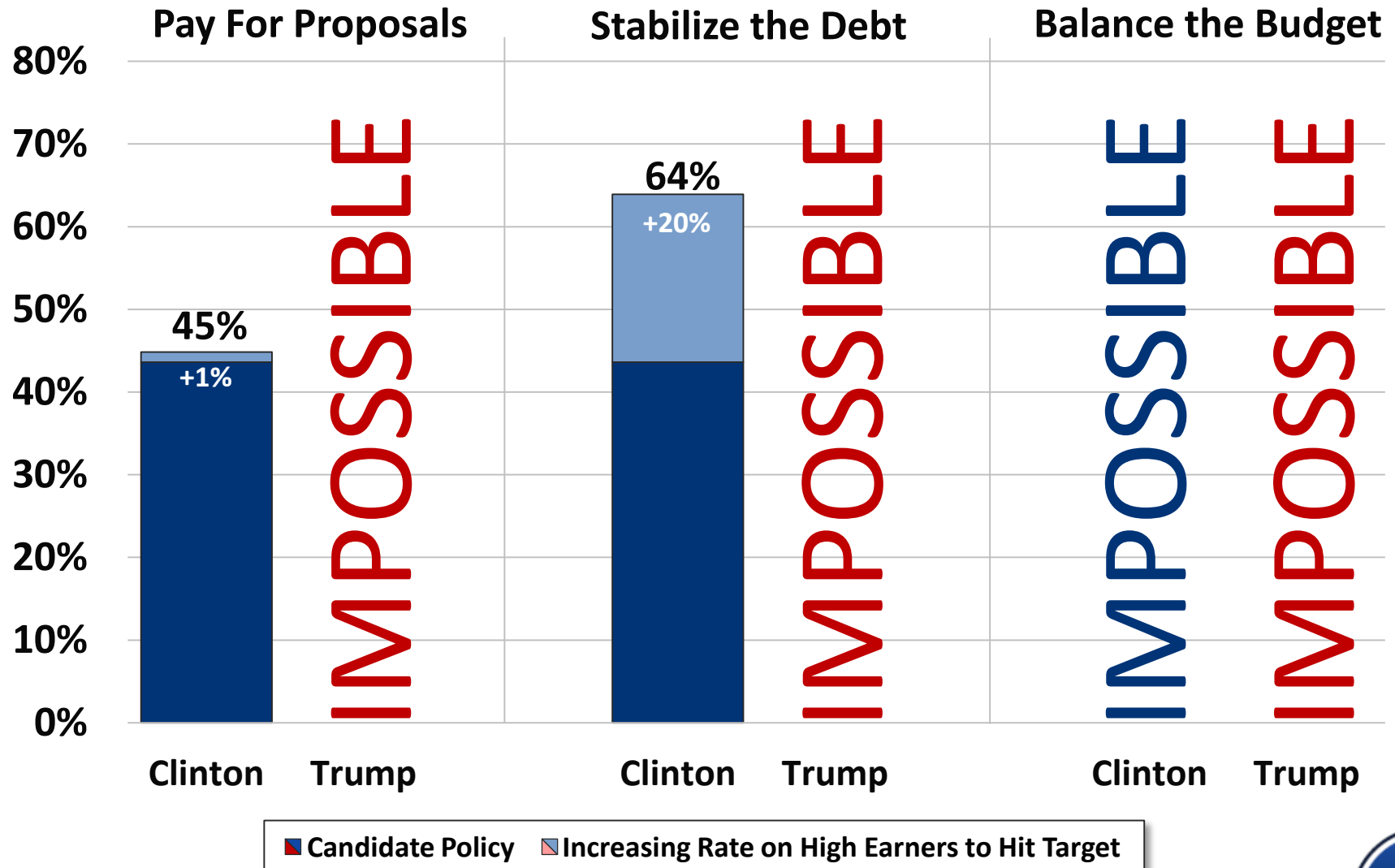


Tax Rate Needed Assuming Across-the-Board Hikes Under Our Central Estimates (Percentage Point Tax Rate, Individual Making \$50,000)



Source: CRFB calculations of statutory marginal 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 \$25k, couples under \$50k).

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



Source: CRFB calculations of statutory marginal 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).



Additional Tables and Graphs

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%

Summary of Hillary Clinton's Major Campaign Proposals

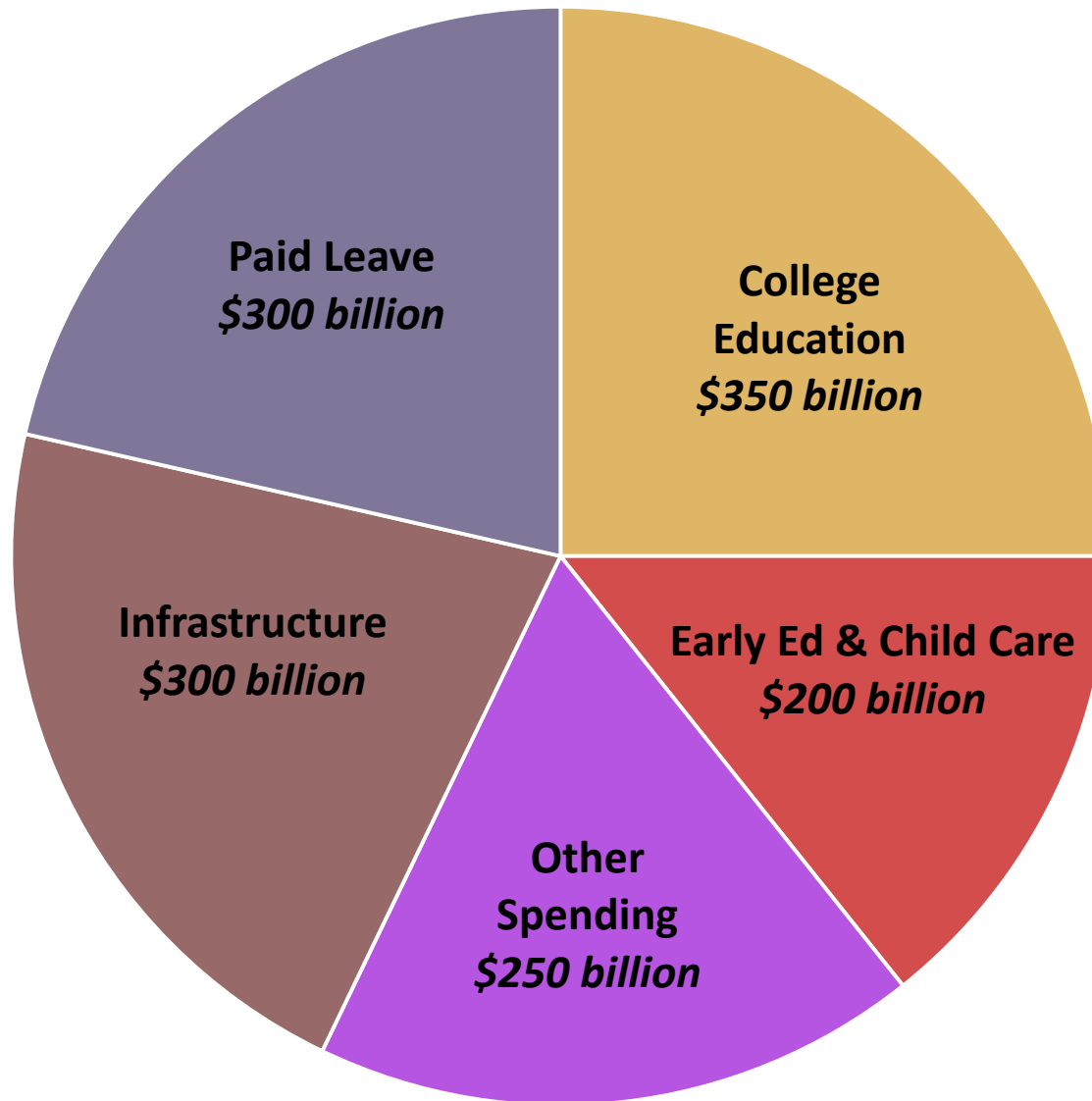
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Major Proposal	CRFB Estimated 10-Year Cost / Savings (-)		
	Low	Central	High
HEALTH POLICIES			
Repeal the Affordable Care Act (“Obamacare”)	\$0.25 trillion	\$0.50 trillion	\$0.50 trillion
Allow individuals to deduct health insurance premiums and expand 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%

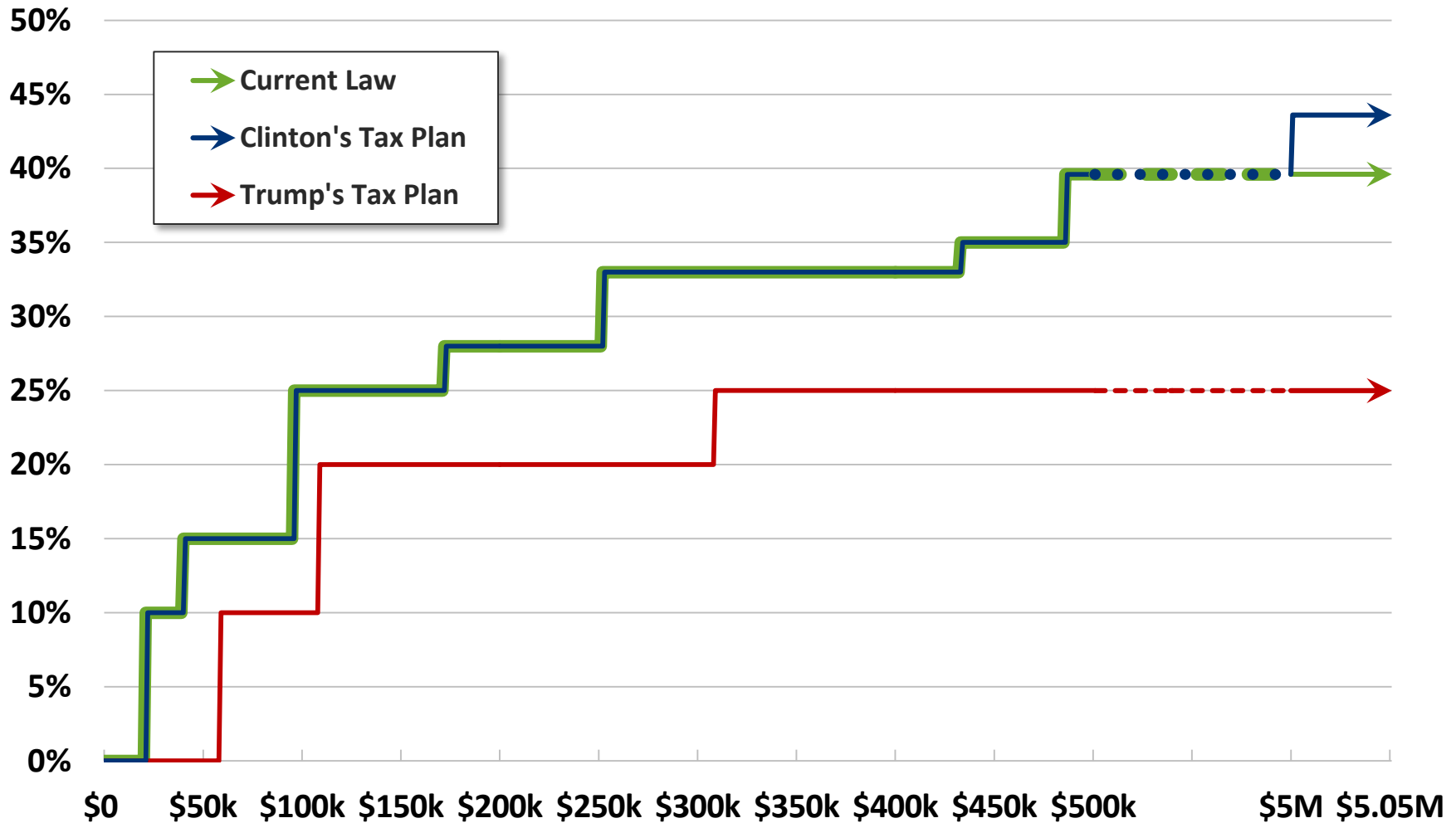
Summary of Donald Trump's Major Campaign Proposals

Composition of Clinton's New Spending Under Our Central Estimate (Billions)



Source: Committee for a Responsible Federal Budget

Individual Statutory Tax Rates Under Candidates' Plans



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



**Read the full report,
Promises and Price Tags, at CRFB.org**