



## Adding Up Donald Trump’s Campaign Proposals So Far May 9, 2016

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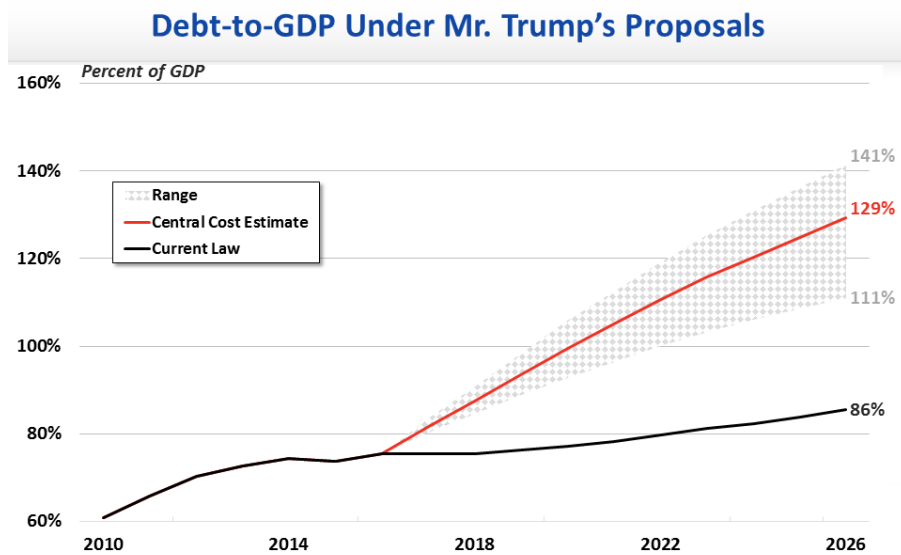
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Republican presidential candidate Donald Trump has put forward seven major sets of initiatives on his campaign’s website in the areas of U.S.-China trade relations reform, protecting second amendment rights, immigration reform, Veterans Administration reform, tax reform, health care reform (including a proposal to block-grant Medicaid), and paying for a border wall between the U.S. and Mexico. By our very rough and initial estimates, these initiatives together would add anywhere from \$10.7 trillion to \$15.45 trillion to the debt over the next 10 years, with our central cost estimate being that they would add **\$12.1 trillion** to the debt, including interest.

Under this central cost estimate, debt held by the public would increase from nearly \$14 trillion today to \$36 trillion by 2026 (compared to about \$24 trillion under current law).<sup>1</sup> This means debt would grow from 74 percent of Gross Domestic Product (GDP) at the end of last year (and headed to 86 percent by 2026) to **129 percent** by 2026. Under our high cost estimate, debt could reach as high as 141 percent by 2026, or reach as low as 111 percent assuming his plans also lead to significant economic growth.<sup>2</sup>



Sources: CRFB calculations based on Congressional Budget Office, Tax Policy Center, and Tax Foundation estimates.



<sup>1</sup> Projected debt in 2026 under current law is \$23.7 [trillion according to the Congressional Budget Office](#).

<sup>2</sup> This debt projection assumes the most optimistic scenario of a lower-bound cost divided by a higher GDP that the Tax Foundation’s revenue estimate produces with the economic effects of repealing Obamacare and an upper-bound of the Tax Foundation’s revenue estimate on a static basis.



*Since the 2016 presidential campaign began, the Committee for a Responsible Federal Budget has analyzed several campaign proposals through our [Fiscal FactCheck](#) project. This analysis of Mr. Trump’s policies, originally published on February 13 and updated on May 9, 2016, is based on the proposals currently available his website. (Read our analysis of the policies put forth by [Secretary Hillary Clinton](#), [Senator Ted Cruz](#), and [Senator Bernie Sanders](#).) We aimed to assess all major policy proposals on Mr. Trump’s website ([DonaldJTrump.com](#)) as of May 9, 2016. Mr. Trump may also support additional policy changes not listed on his website. As with our other analyses, we shared our estimates with the campaign ahead of time to solicit comments. We intend to follow up with further updates and analyses of the Presidential candidates as more proposals are released. Estimates provided in this analysis are both rough and rounded.*

While Mr. Trump has voiced a [commitment](#) to reducing the deficit and our national debt, the policies listed on his website to date would add to the national debt over the next decade and beyond. Moreover, statements from Mr. Trump suggesting he would not change [Social Security and Medicare](#) – two of the government’s largest programs – make it difficult to envision how he would pay for costs of this magnitude, let alone achieve his goal of balancing the budget.

## The Budgetary Impact of Mr. Trump’s Proposals

The proposals featured on Mr. Trump’s website seek to address many of the issues that he has highlighted on the campaign trail over the past year. These proposals do not include what the Trump campaign has mentioned in interviews, debates, and campaign rallies. Only proposals on his campaign website have been estimated.

The Trump campaign website proposals include:<sup>3</sup>

- Reform the U.S.-China Trade Relationship.
- Protect Second Amendment Rights.
- Enact Immigration Reform.
- Reform Veterans Affairs.
- Reform the Tax Code. [Read our explainer on this plan.](#)
- Reform Health Care. [Read our explainer on this plan.](#)
- Block-grant Medicaid.<sup>4</sup> [Read our explainer on this plan.](#)
- Pay for a Border Wall Between the U.S. and Mexico.

We’ve provided more details on each of these areas in **Appendix I**.

Of the policy areas addressed on Donald Trump’s website, four – VA reform, tax reform, health care reform, and block-granting Medicaid – are likely to have fiscal implications that total more

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<sup>3</sup> CRFB reports the policies as true to the website as possible in summary (as of May 9, 2016). We do not endorse any candidate or their policies.

<sup>4</sup> While this proposal is a part of Mr. Trump’s greater health care reform plan, we’ve broken it away due to the uncertainty of the policy details.



than \$50 billion over a decade. Changes to gun laws and China trade policy, as outlined on the website, would likely have only minor direct fiscal implications. Meanwhile, his proposed changes to immigration reform (including building a wall on the U.S.-Mexican border) would have largely offsetting effects.

Overall, we estimate these policies would add **\$12.1 trillion** to the debt under our central estimate. This is the result of \$9.3 trillion in tax cuts, \$0.55 trillion in additional health care costs, \$0.5 trillion in VA reforms, and \$1.75 trillion of interest costs. As a result, debt would rise from 74 percent of GDP at the end of last year to **129 percent of GDP** in 2026 – 43 percentage points higher than current projections.

<b>Donald Trump's Campaign Proposals, As Featured on his Campaign Website</b>			
<b>Major Initiative</b>	<b>CRFB Estimated Ten-Year Cost / Savings (-)</b>		
	<b>Low Cost</b>	<b>Central Est.</b>	<b>High Cost</b>
Reform the U.S.-China Trade Relationship	*	*	*
Protect Second Amendment Rights	*	*	*
Reform the Immigration System	*	*	*
Reform the Veterans Affairs (VA) System	\$0.50 trillion	\$0.50 trillion	\$1.00 trillion
Reform Individual and Business Taxes	\$9.30 trillion	\$9.30 trillion	\$11.65 trillion
Reform the Health Care System	\$0.35 trillion	\$0.55 trillion	\$0.55 trillion
Block-grant Medicaid	-\$0.90 trillion	\$0 trillion	\$0 trillion
Pay for a Border Wall Between the U.S. and Mexico <sup>^</sup>	*	*	*
<b><i>Subtotal, Tax and Spending Proposals</i></b>	<b><i>\$9.25 trillion</i></b>	<b><i>\$10.35 trillion</i></b>	<b><i>\$13.20 trillion</i></b>
<b><i>Net Interest Costs</i></b>	<b><i>\$1.55 trillion</i></b>	<b><i>\$1.75 trillion</i></b>	<b><i>\$2.25 trillion</i></b>
<b>Budgetary Impact of Donald Trump's Major Proposals</b>	<b>\$10.80 trillion</b>	<b>\$12.10 trillion</b>	<b>\$15.45 trillion</b>

\*Likely to cost or save less than \$50 billion over ten years.

<sup>^</sup> Included in the immigration reform estimate.

In addition to our central estimate, we have provided low and high cost estimates that find Donald Trump could add between \$10.7 trillion and \$15.45 trillion to the national debt over the next decade, depending on a variety of assumptions. We explain the details of our cost estimates in **Appendix II**.



## Balancing the Budget under Mr. Trump's Plans

On the campaign trail, Mr. Trump has spoken in favor of fiscal responsibility, expressing concern about the nation's [\\$19 trillion](#) gross debt and [saying](#) that he would insist on a balanced budget relatively quickly.

However, reaching a balanced budget would be quite challenging assuming the enactment of Mr. Trump's campaign website proposals – and even simply paying for these proposals would be difficult.

Roughly speaking, achieving a balanced budget by 2026 would require roughly \$7.8 trillion of deficit reduction over ten years; that figure would increase to nearly \$20 trillion over a decade assuming the enactment of Mr. Trump's campaign proposals (based on our central cost estimate).<sup>5</sup>

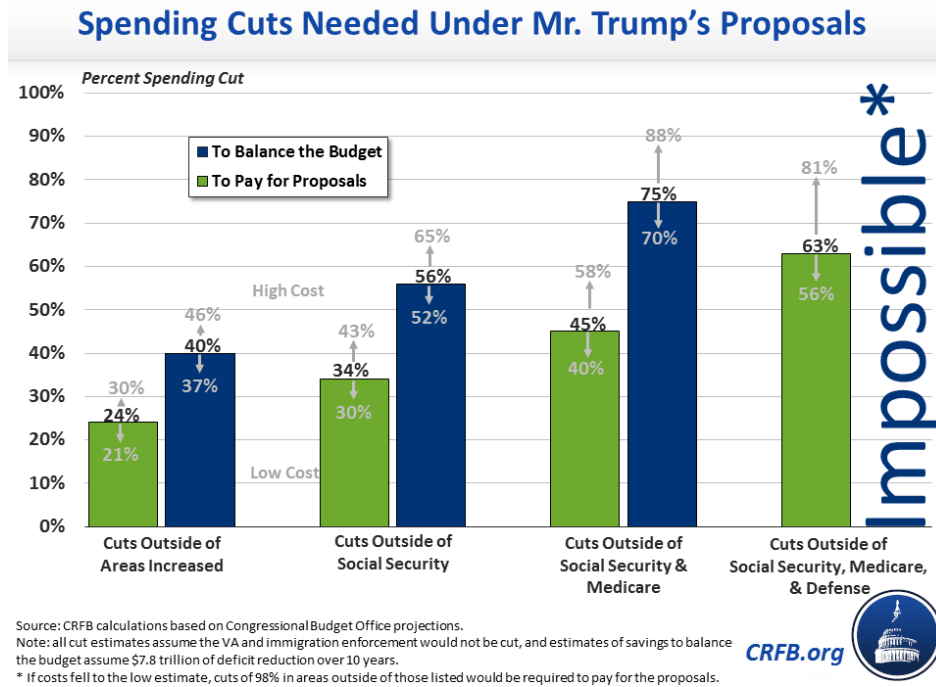
To achieve this level of savings with spending reductions alone would require huge cuts. For example, cutting the entire budget across the board (other than the VA and immigration enforcement, which are increased in his plans) would require a reduction of **40 percent** – a figure that is unlikely to be achieved.

Those cuts, however, include cutting Social Security benefits by up to half – when Mr. Trump has [argued multiple times](#) that Social Security benefits should be left alone. Exempting Social Security, spending cuts would need to total **56 percent**. Also removing Medicare, which Mr. Trump has called for protecting as well (though he has also [proposed](#) some small potential savings in the Medicare space), cuts would need to total **75 percent**. And if defense were also exempt, an area Mr. Trump has committed to [strengthening](#), it becomes impossible to balance the budget with only spending cuts.

Simply paying for the initiatives on his website and keeping the debt on its [current unsustainable course](#) would also require large cuts – ranging from 24 percent for all spending other than the VA and immigration enforcement to 63 percent if Social Security, Medicare, and defense were also exempt.

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<sup>5</sup> The \$7.8 trillion figure for balancing the budget is an approximation based on the March 2016 baseline, and the actual amount it would take to balance the budget could be higher or lower depending on the years in which the savings take place and the timing of economic growth. Our [previous estimate](#) was \$8 trillion if savings follow the same path as found in the FY 2016 Congressional Budget using the January 2016 baseline. These numbers include interest costs.



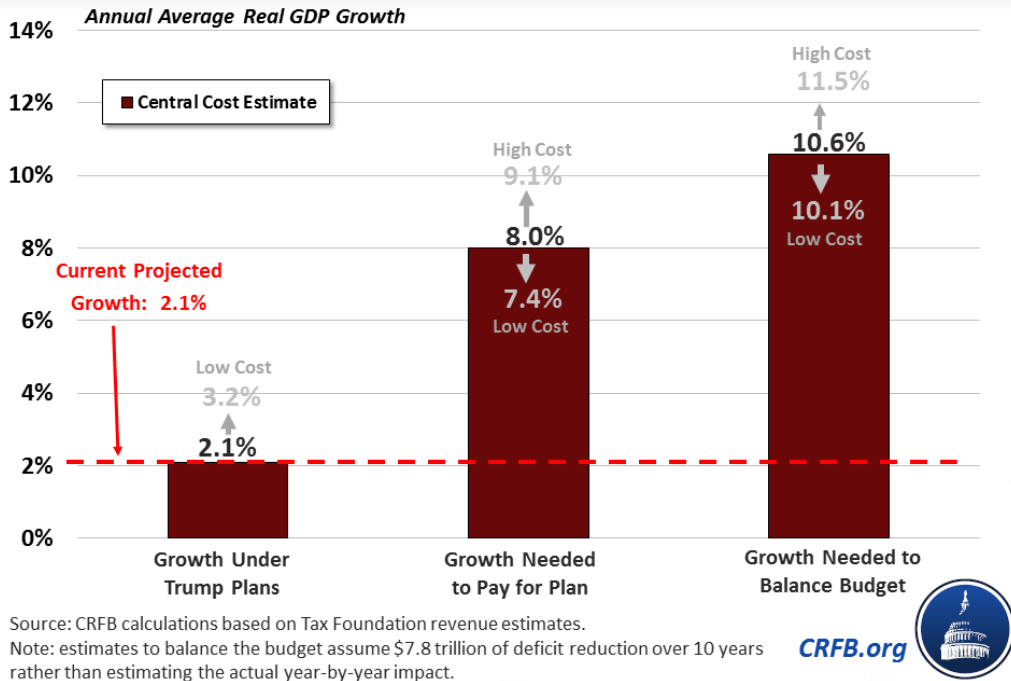
To be sure, Mr. Trump has argued he would address the deficit not just by cutting spending but also by promoting economic growth. Yet here, too, the solution is likely out of reach. Under current law, the Congressional Budget Office estimates real economic growth of [2.1 percent per year](#) over the next decade. Excluding the [negative impact of higher debt](#), the Tax Foundation estimates Mr. Trump's tax plan would effectively increase annual growth to 3.2 percent over the next decade, and in doing so produce more than \$1.8 trillion of additional revenue from feedback effects.

Assuming Tax Foundation's economic feedback estimates are linear relative to GDP growth after 10 years, it would require **8.0 percent real annual growth** to simply pay for the initiatives on Donald Trump's website, and **10.6 percent real annual growth** to balance the budget within a decade. In other words, to balance the budget, growth rates would have to be roughly 5 times as large as projected, and more than twice as high as the fastest growth period in the last 60 years (which was between 1959 and 1968).<sup>6</sup>

<sup>6</sup> 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.



## Economic Growth Needed Under Mr. Trump's Proposals



Mr. Trump should be commended for voicing a commitment to lowering our deficit and debt. However, based on the policies on his campaign website, it would be incredibly difficult to improve the nation’s fiscal outlook from spending cuts or economic growth alone. Assuming areas of the budget such as Social Security, Medicare, and defense are largely off the table, this goal becomes practically impossible.

In order to maximize the chances of achieving serious deficit reduction, we hope Mr. Trump will modify his tax, health care, and/or veterans proposals to be more affordable, and that he will make clear that Social Security, Medicare, defense, and revenue are all in consideration when it comes to putting our nation’s debt onto a downward sustainable path.

We look forward to seeing and analyzing more policy proposals as they are made available.



## Appendix I: Summary of the Trump Campaign's Policy Proposals with Fiscal Implications

The proposals featured on Mr. Trump's website seek to address many of the issues that he has highlighted on the campaign trail over the past year. These proposals do not necessarily include what the Trump campaign has mentioned in interviews, debates, and campaign rallies. Only proposals on his campaign website have been estimated.

The Trump campaign website proposals include:

- **Reform the U.S.-China Trade Relationship** – Mr. Trump would declare China a currency manipulator, end China's theft of intellectual property, and clamp down on China's ability to subsidize their exports in order to facilitate free and fair trade with China. Mr. Trump would also strengthen the U.S. negotiating position by reducing the corporate tax rate, reducing federal debt (by eliminating waste, fraud and abuse, ending redundant programs, and growing the economy), and strengthening the U.S. military presence in Asia.
- **Protect Second Amendment Rights** – Mr. Trump would defend the right to bear arms by enforcing existing gun laws, increasing access to mental health services, repealing gun and magazine bans, reforming the background check system, ensuring concealed carry permits are valid in all states, and reversing any bans on members of the military from carrying firearms on bases and at recruiting centers.
- **Enact Immigration Reform** – Mr. Trump has proposed a number of reforms designed to reduce illegal immigration, including building a wall on the U.S.-Mexico border, increasing immigration enforcement officers, mandating nationwide use of the "E-verify" program, mandating the deportation of all criminal aliens, ending birthright citizenship, increasing penalties for overstaying visas, defunding sanctuary cities, and eliminating tax credits for undocumented immigrants. Note that Mr. Trump's website at the time of this report does not propose to deport all undocumented immigrants, as Mr. Trump has suggested in various speeches.
- **Reform Veterans Affairs** – Mr. Trump has proposed a number of 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.
- **Reform the Tax Code** – Mr. Trump has proposed comprehensive corporate and individual income tax reform. His plan 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, reduce the top corporate rate from 35 percent to 15 percent, apply the same 15 percent rate to pass-through businesses, eliminate the estate tax, and eliminate the 3.8 percent investment surtax from the Affordable Care Act. In order to finance some of the costs of these tax cuts, Mr. Trump would reduce or eliminate the value of deductions



for the very rich, phase out tax benefits related to life insurance and carried interest, enact a one-time deemed repatriation tax, move to a worldwide tax system where foreign-earned business income is taxed by the U.S. as it is earned, and reduce various deductions and preferences for businesses. [Read about his full tax plan.](#)

- **Reform the Health Care System** – Mr. Trump has proposed to repeal the entirety of the Affordable Care Act (“Obamacare”) and replace it with set of reforms that include allowing sale of insurance plans across state lines, creating a tax deduction for individual insurance premiums, promote the use of Health Savings Accounts (HSAs), require transparency in prices, and allow importation of prescription drugs. [Read about his full health plan.](#)
- **Block-Grant Medicaid** – In addition to the above proposal, Mr. Trump has called for block-granting funding for Medicaid to states, allowing states to determine how Medicaid funds should be spent. He says this will help eliminate waste, fraud, and abuse by allowing state governments to determine the most appropriate use of these funds. [Read more about block-granting Medicaid.](#)
- **Pay for a Border Wall Between the U.S. and Mexico** – Mr. Trump has proposed to build a border wall at the southern U.S. border, and he plans to have Mexico pay for it. His plan would do this by using regulatory executive authority to prohibit undocumented immigrants from sending bank transfers internationally. He would also cancel visas and impose higher visa fees and tariffs if necessary to pay for the cost of the wall. We have evaluated this policy as part of Mr. Trump’s immigration reform plan.

The Committee for a Responsible Federal Budget does not endorse any candidate or any candidate’s policies.





## Appendix II: Explaining Our Cost Estimates

Our estimates of Mr. Trump’s policy proposals come from a variety of sources, explained below.

On immigration and the border wall, a number of Mr. Trump’s policies would have fiscal implications, but they would be to a large degree offsetting. For example, the Congressional Budget Office (CBO) has scored a national e-verify system as [costing about \\$30 billion](#) over ten years, while CBO and the Joint Committee on Taxation have estimated that policies intended to [eliminate tax credits given to illegal immigrants](#) could save about \$30 billion. On net, we expect Mr. Trump’s immigration and border wall plans as posted on his website at the time of analysis would add to the debt, but by less than \$50 billion over a decade.

More significant costs would come from Mr. Trump’s plan to reform the Veterans Affairs administration and the VA health system in particular. While most of his policy proposals would have relatively small and largely offsetting costs and savings, Mr. 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. Last year, CBO estimated several similar but much 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, Mr. Trump’s proposal would offer private health care to all veterans and allow them to see any doctor. As a result, his proposal could be significantly more expensive and ultimately cost between \$500 billion and \$1 trillion over ten years. We assume \$500 billion of costs in our low and central estimates and \$1 trillion in our high estimate.

The most costly proposal on Mr. Trump’s website is his tax plan. Our low and central cost estimates are based on the [Tax Policy Center’s \(TPC\) revenue estimate](#), which finds that his plan will cost \$9.5 trillion over ten years (we adjust this to remove overlap with his Obamacare repeal measure and to account for the tax extenders legislation passed last year). Our low estimate also assumes that Mr. 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 is still higher than the conventional estimate from TPC, we do not incorporate it into the low estimate. However, our low estimate does assume higher GDP will result in a lower debt-to-GDP ratio. Our high estimate is based on the static revenue numbers from the Tax Foundation and [Citizens for Tax Justice](#), both of whom estimated Mr. Trump’s tax plan to cost about \$12 trillion over a decade (and somewhat less when adjusted for Obamacare and last year’s tax extenders deal).

For estimating Mr. Trump’s health care reform plan, we combined the net cost of repealing the Affordable Care Act (“Obamacare”) with the net cost of his new health reform proposals. According to our latest estimates, based on [CBO’s estimate](#) of the cost of repealing the Affordable



Care Act but adjusted forward assuming a later date of enactment, repealing the Affordable Care Act would net a cost of nearly \$500 billion under conventional scoring. This is the net effect of \$1.65 trillion in less coverage spending, \$1.2 trillion in less revenue, and \$940 billion more in spending from the reversal of the Medicare cuts. We have also estimated Mr. 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. These costs, explained in [our analysis of Donald Trump's health reform plan](#), were used for our central and high estimates. Our low cost estimate incorporates the potential economic feedback effects of repealing the Affordable Care Act. [CBO believes](#) the Affordable Care Act includes a number of components that discourage work and (to a much lesser extent) investment. Repealing it would increase GDP by about 0.7 percent after a decade and generate roughly \$200 billion of deficit reduction over a decade – bringing the cost of repeal to about \$300 billion.

Due to lack of detail, we did not provide any savings estimate for block-granting Medicaid for Mr. Trump's central and high cost estimates. Mr. Trump's website only states that he would block-grant the funding to the states, but this doesn't indicate how much Mr. Trump would spend on these block grants or how they would grow over time. For example, if the block grants started spending at current levels and grew with inflation, they would save almost \$500 billion over a decade; if they grew with GDP per capita, they would only save about \$25 billion; and if they grew with overall health costs, they would actually cost more than the current system. Given the huge variability of possible options and lack of any indication from either Mr. Trump's website, speeches, or direct conversations with the campaign, we assumed no savings in our central or high estimates. For our low estimate, we assumed an aggressive block-grant program based on the [proposed FY 2017 House Republican budget resolution](#); this would save about \$1 trillion over a decade. You can read more about block-granting Medicaid in [our analysis of Mr. Trump's health reform plan](#).