Committee for a Responsible Federal Budget

Promises and Price Tags: An Update

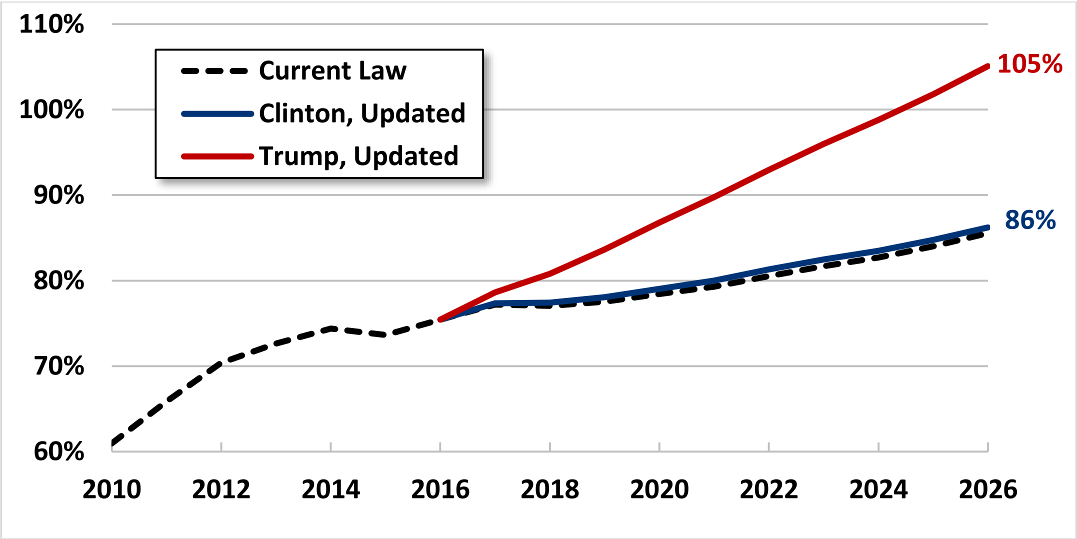
September 22, 2016

The next president will enter office with the national debt at post-World War II record high levels. Debt held by the public currently totals over $14 trillion – nearly 77 percent of Gross Domestic Product (GDP) – and is projected to grow as a share of the economy to almost 86 percent by 2026 and about 150 percent by 2050. This large and growing national debt threatens to slow economic growth and is ultimately unsustainable. Yet neither presidential candidate has a plan to address it.

In June 2016, we released *Promises and Price Tags: A Fiscal Guide to the 2016 Election*, which estimated the budgetary impact of the policies put forward by the two major party presidential candidates – Hillary Clinton and Donald Trump. Since then, the candidates have released several new or adjusted policies.

Incorporating *rough and preliminary estimates* of these new policies, we find that Clinton's plans would increase the debt by $200 billion over a decade above current law levels (compared to our prior estimate of $250 billion), and Trump's plans would increase the debt by $5.3 trillion (compared to our prior estimate of $11.5 trillion). As a result, debt would rise to above 86 percent of GDP under Clinton and 105 percent under Trump.

Fig. 1: Debt Under Central Estimate of Candidates' Proposals (Percent of GDP)



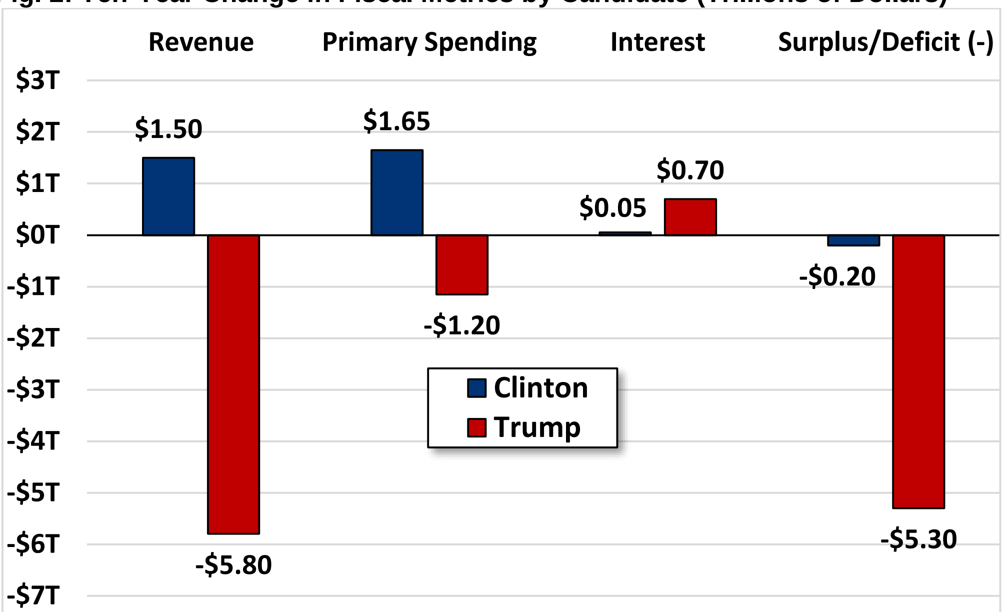
These numbers are rough, rounded, preliminary, and based only on our central estimates (instead of the broader range we originally provided). They also exclude any economic impact and are based on our best understanding of the candidates' policies as of September 21, 2016. We will continue to update these estimates as the campaign moves forward.

How Would Clinton's and Trump's Policies Impact the Debt?

Based on our preliminary update of our central estimates, both Clinton and Trump would increase the debt relative to current law – though Trump would increase it by an order of magnitude more, and Clinton's plan would slightly reduce deficits if we incorporated unspecified revenue from business tax reform. Specifically, we estimate Clinton's plans would add $200 billion to the debt over the next decade, while Trump's plans would add $5.3 trillion.

Details of both candidates' plans can be found in our June report [Promises and Prices Tags](), with updates since June available in the [next section]() of this report.

Fig. 2: Ten-Year Change in Fiscal Metrics by Candidate (Trillions of Dollars)



Note: estimates rounded to the nearest $50 billion.

Clinton's plan would increase both spending and revenue. Under our preliminary updated central estimate, she would increase primary spending by $1.65 trillion over the next decade, including about $500 billion of spending on college education, $300 billion each on paid family leave and infrastructure, and significant new health-related spending. Meanwhile, she would increase revenue by $1.5 trillion on net, including $1.05 trillion from increased income taxes on high earners and $150 billion of net business tax increases. Some of these tax changes were added to her plan [just this week](). Clinton's plan would also result in roughly $50 billion of additional interest costs over a decade.

Meanwhile, Trump's plan would decrease both non-interest spending and revenue. Under our preliminary updated central estimate, he would lose about $5.8 trillion of revenue, including $1.45 trillion from individual tax reform, $2.85 trillion from business tax reform, and $1.2 trillion from repealing the taxes imposed by the Affordable Care Act ("Obamacare").

Trump would also reduce spending by $1.2 trillion, the net effect of almost $3.2 trillion of spending cuts – largely from the Affordable Care Act ("Obamacare"), Medicaid, and non-defense discretionary spending – and over $2 trillion of spending increases on defense, veterans, childcare, and Medicare (by reversing the "Obamacare" cuts). Under our central estimate of Trump's plan, interest costs would increase by $700 billion over a decade.

Unfortunately, both candidates' plans to increase the debt come on top of current law projections that already estimate that debt will grow by $9 trillion over the next decade. As a result, under Clinton's plans debt would grow from nearly 77 percent of GDP today to over 86 percent by 2026; under Trump's plans, debt would grow to 105 percent of GDP by 2026. This relies on conventional scoring methods and does not account for the impact of their plans on economic growth, which we will discuss in a future analysis.

Fig. 3: Estimated 10-Year Fiscal Impact of Candidates' Proposals *(negative numbers add to the debt)*

Proposal	Clinton	Trump
Health Policies	-$0.25 trillion	-$0.05 trillion
Tax Policies	$1.55 trillion	-$4.50 trillion
Spending Policies	-$1.55 trillion	$0 trillion
Immigration Policies	$0.10 trillion	-$0.05 trillion
Subtotal, Proposals	***-$0.15 trillion***	***-$4.60 trillion***
Net Interest	-$0.05 trillion	-$0.70 trillion
Total Budgetary Impact	**-$0.20 trillion**	**-$5.30 trillion**
Total Debt in 2026	-$23.30 trillion	-$28.40 trillion
Debt as Share of GDP in 2026	**86%**	**105%**

Note: estimates rounded to the nearest $50 billion.

These estimates are preliminary, rough, and rounded. They rely on what we know about the candidates' plans as of September 21, 2016. In some cases, we had to rely on assumptions that may or may not materialize.

Our estimates also do not represent a pure "apples-to-apples" comparison, whereas our previous estimates did. Our tax estimates for Trump are based largely (though not entirely) on those put forward by the Tax Foundation, while our estimates of Clinton's tax plan come in large part from the Tax Policy Center.

Furthermore, our estimates are based on conventional scoring, which does not account for the economic impact of various tax and spending changes. Some have suggested the economic effects could be large; for example, the Tax Foundation estimates Trump's tax plan would increase GDP growth over the next decade by about 0.7 or 0.8 percent per year. However, these findings are far more generous than what official scorekeepers tend to estimate, and they do not account for the negative economic impact of higher debt, fewer immigrants, or less international trade. In our assessment, the macroeconomic impact of either candidate's plan is likely to be small – and possibly negative – over a ten-year window.

Importantly, our analysis could change significantly based on new policies and further policy detail. We intend on continuing to update our analysis as more details are announced.

Fig. 4: Detailed Estimated 10-Year Fiscal Impact of Candidates' Proposals
(negative numbers add to the debt)

Proposal	Clinton	Trump
HEALTH POLICIES		
Modify the Affordable Care Act (tax and spending changes)	-$0.45 trillion	-$0.50 trillion
Reduce Drug Costs, Reform Insurance Markets, Expand Coverage, and Make Related Changes (tax and spending changes)	$0.25 trillion	-$0.05 trillion
Increase Public Health Spending	-$0.05 trillion	n/a
Block Grant Medicaid	n/a	$0.50 trillion
Subtotal, Impact of Health Policies	***-$0.25 trillion***	***-$0.05 trillion***
TAX POLICIES		
Reform Business Taxes	$0.15 trillion+	-$2.85 trillion
Reform Individual Income Taxes	$1.05 trillion	-$0.90 trillion
Promote Childcare and Caretaking	-$0.15 trillion	-$0.55 trillion
Impose Financial Institution Fee	$0.15 trillion	n/a
Modify the Estate Tax and Step-Up Basis of Capital Gains at Death	$0.40 trillion	-$0.20 trillion
Subtotal, Impact of Tax Policies	***$1.55 trillion***	***-$4.50 trillion`***
SPENDING POLICIES		
Increase Higher Education Spending	-$0.50 trillion	n/a
Support Early Education and Childcare	-$0.20 trillion	~
Increase Infrastructure Investment	-$0.30 trillion	^
Increase Defense Spending	^	-$0.45 trillion
Increase Veterans Spending	-$0.05 trillion	-$0.50 trillion
Enact Trade Reforms	n/a	^
Offer Paid Family Leave and Related Policies	-$0.30 trillion	-$0.05 trillion
Enact "Penny Plan" to Reduce Non-Defense Spending	n/a	$0.75 trillion
Make Other Non-Defense Changes	-$0.20 trillion	$0.25 trillion
Subtotal, Impact of Spending Policies	***-$1.55 trillion***	***$0 trillion***
IMMIGRATION POLICIES		
Enact immigration reform	$0.10 trillion	-$0.05 trillion
Subtotal, Impact of Immigration Policies	***$0.10 trillion***	***-$0.05 trillion***
Subtotal, Proposals	***-$0.15 trillion***	***-$4.60 trillion***
Net Interest	-$0.05 trillion	-$0.70 trillion
Total Budgetary Impact	**-$0.20 trillion+**	**-$5.30 trillion`**

+ Clinton has said she would pay for her infrastructure plan as part of business tax reform. If details of this reform were released, it could generate an additional $275 billion of revenue and result in modest deficit reduction.

^ Clinton's defense policy, Trump's infrastructure policy, and Trump's trade policy are all assumed to be insignificant due to current lack of detail. Once details emerge, these policies could have a significant fiscal impact. For instance, if Clinton fully repealed the defense sequester, it would cost $450 billion over ten years, and if Trump doubled the cost of Clinton's infrastructure plan as he has said he would, it would cost $500 to $600 billion.

`The Trump campaign estimates its tax and regulatory plans would increase real economic growth by roughly 75 percent, from 2.0 to 3.5 percent per year. If materialized, this faster growth would generate about $3.5 trillion of additional revenue, thus reducing the cost of Trump's policies to less than $2 trillion in total. As we've shown recently, however, growth rates of or even near this magnitude are extremely unlikely to materialize.

~Included under Tax Policies.

Note: Numbers may not add due to rounding.

What's New in Clinton's Plans?

Since our June report, Hillary Clinton has proposed $250 billion of 10-year spending increases, $250 billion of revenue decreases, and $550 billion of offsetting revenue increases, based on a preliminary update to our central estimate. These revenue increases are described in more detail on our blog.[1]

As a result of these proposals, we now estimate Clinton's policies will cost $200 billion over a decade, compared to $250 billion in our June estimate. Importantly, this increase could be more than offset with the business tax reform that the campaign has called for but not specified.

Fig. 5: Change in 10-Year Estimates of Clinton's Policies *(negative numbers add to the debt)*

Policy	Change
June 2016 Estimate of Deficit Impact Clinton's Policies	**-$250 billion**
Expand Access to Free Public College	-$150 billion
Increase Federal Health Spending	-$100 billion
Expand the Child Tax Credit and Offer Tax Relief for Childcare	-$150 billion
Simplify Small Business Taxes	-$100 billion
Expand the 3.8% Net Investment Income Tax (NIIT)	$250 billion
Further Increase the Estate Tax and Tax Capital Gains at Death	$250 billion
Increase the Proposed Fee on Financial Institutions	$50 billion
Limit Deferral on Like-Kind Exchanges	$50 billion
Interest Changes#	*
September 2106 Estimate of Deficit Impact Clinton's Policies	**-$200 billion**

#Includes debt service from new policies and changes in interest costs due to lower projected interest rates
*Indicates that this would change by less than $50 billion.
Note: Numbers may not add due to rounding.

Among the changes Clinton has proposed include *(costs represent change from previous estimate)*:

> **Expand Access to Free Public College (*-$150 billion*).** Previously, Clinton proposed "debt-free college" for low- and middle-earning families at four-year public colleges and universities in addition to completely free tuition at community colleges and various proposals to limit student loan debt. In July, she revised and expanded her debt-free college plan to work with states to offer tuition-free four-year college to students at in-state public universities if the students' families make less than $125,000 a year (phased in over 4 years starting at $85,000). Read more about the changes to Clinton's college plan.

> **Increase Federal Health Spending (*-$100 billion*).** Previously, Clinton proposed various expansions to the Affordable Care Act (ACA), such as continued federal support for Medicaid expansion, fixing the "family glitch" to calculate health plan affordability, and limiting out-of-pocket premium costs to 8.5 percent of income. Since then, Clinton has proposed to further extend her ACA expansions by allowing individuals to buy into

[1] Update: Several hours after publication, we added links to the Clinton campaign website where these additions are detailed.

Medicare as early as age 55 and dedicating $40 billion over a decade to Federally Qualified Health Centers, also known as community health centers, to deliver primary care to underserved populations. Read more about these changes. She would also increase public health funding by creating a new trust fund to respond to public health emergencies, funding a comprehensive mental health agenda, expanding efforts to combat substance abuse and addiction, and tripling funding for the National Health Service Corps.

Expand the Child Tax Credit and Offer Tax Relief for Childcare (*-$150 billion*). Previously, Clinton set the goal of limiting childcare costs to 10 percent of family income while providing for universal preschool and expanding funding for childcare. Clinton has since expressed support for tax relief for childcare and specifically proposed to expand the $1,000-per-child Child Tax Credit to help achieve this goal. Although the Clinton campaign has not provided full details on its plan, it could reflect a proposal from Representative Rosa DeLauro (D-CT) to offer an additional $1,500 per-child refundable credit to families with children age 3 or less. Alternatively, Clinton's plan might combine a more modest expansion of the Child Tax Credit with an expansion of the Child and Dependent Care Tax Credit such as the one proposed by President Obama.

Simplify Small Business Taxes (*-$100 billion*). Since our previous report, Clinton has released a detailed plan for simplifying taxes and providing relief for small businesses. Specifically, she would create a small business standard deduction and quadruple the tax credit for startup businesses. Small businesses would also be able to immediately expense up to $1 million in new investments each year, use cash accounting rather than accrual accounting, join together to form retirement plan for their employees, and claim a simplified and expanded ACA tax credit to offer health insurance in addition to other changes.

Expand the 3.8 percent Net Investment Income Tax (*+$250 billion*). Currently, wage income above $250,000 (for a couple) is subject to a 3.8 percent Medicare tax, while investment income above that threshold is subject to a 3.8 percent Net Investment Income Tax (NIIT). However, most income generated by owners of pass-through businesses is not subject to either tax. Clinton would apply the NIIT to income of owners of S-corporations, limited partners, and members of limited liability corporations. She would also ensure professional service businesses pay payroll taxes by preventing them from declaring certain wage income as business income. Read more about these changes.

Further Increase the Estate Tax and Tax Capital Gains at Death (*+$250 billion*). Previously, Clinton has proposed restoring the estate tax to 2009 levels by increasing the rate from 40 to 45 percent, reducing the exemption from $5.45 million to $3.5 million, and making other changes. According to the campaign, Clinton also supports the further increases in the estate tax proposed by Senator Bernie Sanders (I-VT) during the primary campaign – establishing a rate of 50 percent on the value of estates over $10 million, 55 percent over $50 million, and 65 percent over $500 million. In addition, Clinton would eliminate "step-up basis" of capital gains at death and thus tax the value of those gains. Although the Clinton campaign has not outlined specific parameters, it has expressed support for a variety of exemptions in order to prevent the tax from applying to taxpayers making less than $250,000 and to limit its impact on various non-financial assets such as farms, businesses, and real estate. We assume their policy would be similar to changes proposed by President Obama to tax capital gains at death. Read more about Clinton's estate tax and step-up basis policy.

Increase the Proposed Fee on Financial Intuitions (+*$50 billion*). Although Clinton proposed a risk fee on banks several months ago, little detail was offered on the specifics, so we assumed a revenue impact similar to President Obama's proposed financial institution fee. According to the campaign, however, Clinton's proposed risk fee would be larger than what the president proposed but on a somewhat different base. Instead of a 7 basis point fee on the assets of large financial institutions, Clinton supports a sliding scale fee (based on size and risk) that averages about 13 basis points – almost twice as large as President Obama's proposed fee. Read more about the changes to Clinton's financial institution fee.

Limit Deferral on Like-Kind Exchanges (+*$50 billion*). While businesses and individuals are typically taxed on capital gains when selling property (such as real estate or artwork), no tax is imposed if property is instead traded for similar property; instead, capital gains taxes are deferred until the property is sold without being exchanged. According to the campaign, Clinton would limit these so-called "like-kind exchanges" in a manner similar to what President Obama proposed this year. That policy would limit the gains that could be deferred under like-kind exchange rules to $1 million per year while ending the use of like-kind exchanges altogether for collectibles and art. Read more about this additional offset.

Clinton's other major policies remain similar to her June policies, described in detail in our Promises and Price Tags report.

What's New in Trump's Plans?

Since our June report, Donald Trump has proposed substantial changes and additions to his overall agenda. Most significantly, Trump has replaced his previous tax reform plan with a new one, called for repealing the defense sequester, proposed a new suite of policies to support childcare, and identified a variety of spending cuts.

Overall, our preliminary estimate finds $500 billion of new net spending cuts under our central estimate along with $4.7 trillion less in net revenue cuts, based largely on new Tax Foundation estimates.

Under our central estimate, Trump's policies will now cost $5.3 trillion over a decade, compared to $11.5 trillion in our previous estimate, reducing the total cost of his plan in half.

Fig. 6: Change in 10-Year Estimates of Trump's Policies *(negative numbers add to the debt)*

Policy	Change
June 2016 Deficit Impact of Trump's Policies	**-$11.50 trillion**
Enact New (revised) Comprehensive Tax Reform Plan	$5.30 trillion
Expand Tax Breaks for Childcare and Other Caregiving	-$0.55 trillion
Offer Partially-Paid Maternity Leave Through Unemployment Insurance	-$0.05 trillion
Increase Military Spending by Repealing the Defense Sequester	-$0.45 trillion
Reduce Non-Defense Spending Through a "Penny Plan"	$0.75 trillion
Reduce Other Non-Defense Spending	$0.25 trillion
Interest Changes#	$1.00 trillion
September 2016 Estimate of Deficit Impact Trump's Policies	**-$5.30 trillion**

#Includes debt service from new policies and changes in interest costs due to lower projected interest rates
Note: Numbers may not add due to rounding.

Among the changes Trump has proposed include *(costs represent change from previous estimate)*:

> **Enact New (revised) Comprehensive Tax Reform Plan *(+$5.3 trillion)*.**[2] During the primary campaign, Trump proposed a comprehensive plan to reduce individual and business taxes at a cost of roughly $9 trillion. In September 2016, Trump proposed a revised plan that the Tax Foundation estimates would cost about half as much. Like Trump's original plan, this new plan would reduce the corporate tax rate from 35 percent to 15 percent, eliminate most business tax breaks, tax carried interest as ordinary income, impose a one-time deemed repatriation tax on profits held abroad, repeal the estate tax, and eliminate the corporate and individual Alternative Minimum Tax. Trump's plan would also: reduce individual tax rates from 10, 15, 25, 28, 33, 35, and 39.6 to 12, 25, and 33 (previously he proposed 10, 20, and 25); expand the standard deduction from $12,600

[2] Trump cites the cost of his tax plan being two-thirds offset by economic growth. In this analysis, we do not take this extra growth into account because our central estimates do not account for economic growth. In a future update of Promises and Price Tags, we will prepare a range that takes into account potential macroeconomic feedback effect.

per couple to $30,000 while eliminating personal exemptions (previously he proposed expanding the standard deduction to $50,000); cap the amount of itemized deductions a couple could take to $200,000; offer U.S. manufacturers the option of fully expensing, instead of depreciating, their equipment in exchange for giving up the deductibility of interest; and tax capital gains beyond $10 million at death in place of the estate tax. Trump has also called for measures to close the "tax gap" between taxes paid and owed.

When it comes to taxation of pass-through businesses, which pay taxes through the individual tax code, significant ambiguity remains under Trump's plan. One interpretation is that these businesses would pay the individual tax rate of up to 33 percent; another is that they will pay the 15 percent corporate rate. A hybrid approach is also possible, for instance, if these businesses pay the corporate rate on retained profits and an additional 20 percent dividend rate on certain profits disbursed to owners as income. This ambiguity led the Tax Foundation to publish a $1.5 trillion range of estimates to reflect the policy uncertainty. Our estimates take the mid-point of this range for our central estimate, recognizing that Trump's tax plan could cost as much as $750 billion more or less than this estimate.

Expand Tax Breaks for Childcare and Other Caregiving (*-$550 billion*). Since our previous report, Trump announced a comprehensive plan designed to reduce the cost of child and dependent care. On the tax side, his plan would offer an above-the-line deduction for the cost of childcare or eldercare, limited to average costs. The deduction would also be offered to stay-at-home parents and would phase out at higher incomes. Low-income families who would not benefit from the deduction would instead be offered an expanded Earned Income Tax Credit to refund half of their payroll tax burden. At the same time, Trump would allow businesses to deduct the cost of childcare benefits and expand the current tax credit for on-site childcare. Finally, Trump would allow families to establish Dependent Care Savings Accounts and contribute up to $2,000 per year tax-free. Low-income households would receive up to a 50 percent match for these contributions for the first $1,000 contributed every year.

Offer Partially-Paid Maternity Leave Through Unemployment Insurance (*-$50 billion*). The federal government currently requires many employers to offer 12 weeks of leave for parents of newborns but has no requirement for pay during that period. In September, Trump proposed to allow new mothers to collect up to 6 weeks of unemployment insurance over the course of their maternity leave. The campaign estimates this would cost about $2.5 billion per year and has proposed to pay for it by reducing improper payments in the unemployment insurance program; our cost estimates are similar though somewhat higher, while our savings estimates are lower (and incorporated in our estimate of reducing other non-defense spending, below).

Increase Military Spending by Repealing the Defense Sequester (*-$450 billion*). Since our previous report, Trump has proposed a significant increase in military spending.

Specifically, he proposed to increase the number of active Army troops from 475,000 to 540,000, the number of Marine battalions from 24 to 36, the number of Navy ships from a planned 280 to 350, and the number of Air Force fighter aircraft to at least 1,200. He also proposed to modernize missile defense and cyber security and to instruct U.S. generals to present a plan to defeat ISIS. These expansions could not be paid for under the current defense discretionary spending caps. In part, Trump would pay for them by requiring other countries (including Japan, Germany, South Korea, Saudi Arabia, and members of NATO) to take more responsibility for their own defense needs or reimburse the U.S. for some of the defense provided. At the same time, he would increase the current defense caps by repealing the "defense sequester," which reduced the caps by about $55 billion per year. Read more about Trump's defense plan.

Reduce Non-Defense Spending Through a "Penny Plan" ***(+$750 billion).*** In order to help pay for his tax plan, Trump proposed to reduce non-defense spending by applying the "Penny Plan" to the Non-Defense Discretionary (NDD) spending caps and certain other non-defense spending. The Penny Plan reduces spending by 1 percent each year relative to the year before. Since most spending is projected to grow under current law – at least with inflation – this represents a significant cut over time. For example, applying the Penny Plan to the NDD caps would reduce the caps by 25 percent after a decade and save about $630 billion over a decade. Trump would apply the Penny Plan to certain other non-defense, non-entitlement, non-discretionary programs, which could generate modest additional savings depending on the details. Note that our total savings estimates of $750 billion is similar to – but somewhat lower than – the campaign's $1 trillion estimate. Read more about Trump's Penny Plan.

Reduce Other Non-Defense Spending ***(+$250 billion).*** To help pay for the cost of repealing the sequester and expanding unemployment benefits for maternity leave, Trump has proposed a number of non-defense spending cuts. Trump would accomplish this, in part, by cutting spending on programs that Congress has not formally authorized (otherwise known as unauthorized appropriations, which total over $300 billion in 2016) by 5 percent. He would also shrink the size of the federal workforce through attrition, which we assume would entail replacing federal employees at a rate of 1 for every 3 workers that retire. Finally, Trump would reduce the amount of improper and fraudulent payments for federal programs. Read more about Trump's non-defense spending offsets.

Other Policies. In addition to the policies described above, Trump has proposed to spend $20 billion per year on school vouchers, further improve immigration enforcement, and spend more on infrastructure. However, the vouchers would come from diverting existing education funding, the immigration changes are modest relative to our prior estimates, and no official infrastructure plan has been released with enough detail to allow for or merit an estimate.

Trump's other major policies are described in detail in our Promises and Price Tags report.

Conclusion

As in our June report, we continue to estimate that Clinton would add modestly to the debt relative to current law, while Trump would add significantly to the debt. Both Clinton and Trump have presented less costly plans, with Clinton's plan slightly less costly than in June ($200 billion versus $250 billion), and Trump's plan significantly less expensive ($5.3 trillion versus $11.5 trillion).

We are encouraged that Clinton continues to largely pay for her new spending and that Trump has made substantial improvements to his plan, including a less costly tax plan and new spending cuts.

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. As it currently stands, Donald Trump's proposals would still substantially worsen the debt.

It is also disappointing that both candidates have taken large parts of the budget and tax code off the table, with both explicitly or implicitly ruling out net savings from the government's two largest programs (Social Security and defense), Clinton ruling out revenue from anyone making less than $250,000 per year, and Trump proposing large cuts in tax revenue.

As we've shown before, it will be virtually impossible to put the debt on a sustainable path without changes to any of these areas of the budget or tax code; it's also unrealistic (particularly in Trump's case) to fix the debt with economic growth alone.

Fortunately, 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 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.

Disclaimer: This paper 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.

Appendix: Summary of the Candidates' Policies

Hillary Clinton's Health Policies

In total, we find Secretary Clinton's health care proposals would cost $250 billion on net. This includes over $150 billion of net spending increases (more than $350 billion of costs, about $200 billion of savings) and $100 billion of net revenue losses ($150 billion of tax cuts, $50 billion of new revenue).

Expand the Affordable Care Act **-$450 billion**

Clinton would expand the Affordable Care Act (ACA) in several ways. First, she would offer federal support for states to expand Medicaid by covering all the 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 the states that previously 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 health insurance subsidies but have not yet enrolled. Additionally, Clinton's plan would expand existing insurance subsidies by limiting out-of-pocket premium costs to 8.5 percent of income for everyone, fixing the "family glitch" by calculating affordable health care plans for families rather than individuals, and increasing premium subsidies more broadly. Clinton would establish a new refundable tax credit to cover out-of-pocket health and premium costs above 5 percent of income for up to $5,000 per family. Clinton also supports repealing the "Cadillac Tax," a 40 percent excise tax on high-cost employer-sponsored health insurance plans. The tax was originally set to take effect in 2018, but Congress delayed its implementation to 2020. Clinton supports eliminating the tax in its entirety. Finally, Clinton would increase funding for Federally Qualified Health Centers by $40 billion.

Reduce prescription drug costs and reform insurance markets **$250 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 brand-name and generic drug makers, and lower the patent exclusivity period for specialty biologics. In an effort to reduce direct-to-consumer advertising, she would no longer allow prescription drug manufacturers to deduct their advertising costs. She would further reform prescription drug advertising by creating a program in the Food and Drug Administration – funded through user fees paid by drug manufacturers – to review and approve every advertisement before it is broadcast to ensure it is clear and understandable. More details about these prescription drug reforms 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 pursuing payment reforms and anti-fraud measures in the Medicare program. Finally, Clinton has proposed to add a "Medicare buy-in" option for adults between 55 and 64 years old to purchase Medicare coverage in lieu of receiving private insurance coverage. At this point we are unable to estimate the costs of this due to a lack of details.

Increase public health and research spending **-$50 billion**

As part of efforts to improve responsiveness to public health emergencies like the Zika and Ebola viruses, Clinton has proposed to create a new trust fund that would coordinate resources between federal, state, and local governments. Additionally, she would fund a comprehensive mental health agenda, expand efforts to combat substance abuse and addiction, and triple funding for the National Health Service Corps. On the research side, she would expand research investment across the board, including by investing $20 billion for Alzheimer's research and additional funds for research in autism, HIV/AIDS, and many other areas, medical and non-medical alike.

Donald Trump's Health Policies

In total, we estimate Mr. Trump's health policies would cost about $50 billion –depending on the details and scoring practices. This includes $1.25 trillion in net spending cuts ($0.95 trillion of costs, $2.2 trillion of savings), and nearly $1.3 trillion in lower revenue. More details, including the insurance coverage effects, are available in our full analysis of Trump's health care plan (note this blog reflects Trump's polices as of May 9, 2016).

Repeal the Affordable Care Act ("Obamacare") **-$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). Although not factored in here, incorporating economic feedback effects from repealing the Affordable Care Act would also promote economic growth and would reduce the net cost nearly in half.

Replace ACA with new tax breaks for health coverage **-$100 billion**

Currently, employer-provided health insurance is excluded 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 (and would no longer receive subsidies with Trump's repeal of the Affordable Care Act). Trump would equalize the tax treatment between individually-purchased and employer-provided health insurance by creating a tax deduction for individuals that buy their own health insurance. He would also promote the use of Health Savings Accounts (HSAs). After this report was released, Trump announced an additional plan to protect individuals with pre-existing conditions by working with states to provide funding for high-risk insurance pools, which we have not estimated.

Reduce prescription drug costs, allow insurance sales across state lines, and enact other reforms **$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 unless Medicare were given the ability to remove drugs from coverage.

Block grant Medicaid **$500 billion**

Trump has called for block-granting Medicaid funding to states, allowing states to determine how these funds should be spent. This policy could save virtually any amount of money – or could even add to federal costs – depending on the size and growth rate of the block grants. Although Trump 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 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 – for example, the proposed FY 2017 House budget would save more than $1 trillion over ten years. Though we have insufficient information to provide an estimate with certainty, 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.

Hillary Clinton's Tax Policies

Secretary Clinton's tax plan would raise $1.55 trillion of revenue on net, largely through increased taxes on businesses and wealthy households. This total excludes the tax changes in her health plan. 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.

Increase individual income taxes on higher earners **$1.05 trillion**

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 at 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 preferential rates, 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.
- **Expand the 3.8 percent Net Investment Income Tax (*$250 billion*)** – Currently, wage income above $250,000 (for a couple) is subject to a 3.8 percent Medicare tax, while investment income above that threshold is subject to a 3.8 percent Net Investment Income Tax (NIIT). However, certain income generated by owners of pass-through businesses is not subject to either tax. Clinton would apply the NIIT to income of owners of S-corporations, limited partners, and members of limited liability corporations. She would also ensure professional service companies pay payroll taxes by preventing them from declaring wage income as business income. Read more about these changes.
- **Enact a minimum tax, surtax, and other tax increases on high earners (*$300 billion*)** – Clinton has proposed several 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 **$200 billion**

Clinton would raise additional revenue through business tax reforms. She would discourage businesses from moving overseas by imposing an exit tax on earnings held abroad when a company moves its headquarters overseas (known as an inversion), 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 work to reduce the tax gap, much of which would likely involve increased tax collection from pass-through entities, and she would limit deferral of gains from like-kind exchanges to $1 million per year while ending the use of like-kind exchanges altogether for collectibles and art. Read more about this additional offset. 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 (not included in our total).

Simplify small business taxes **-$100 billion**

Clinton has proposed tax changes that would specifically benefit small businesses. She would create a small business standard deduction and quadruple the tax credit for startup businesses. In addition, small businesses would also be able to immediately expense up to $1 million in new investments each year, use cash accounting rather than accrual methods, join other businesses to form retirement plans for their employees, and claim a simplified and expanded tax credit to offer their employees health insurance.

Expand the Child Tax Credit and make it fully refundable **-$150 billion**

Clinton has proposed to double the current Child Tax Credit (CTC) to $2,000 per child for children age 4 or younger. It will remain $1,000 for children between 4 and 17 years old. She would also make the CTC fully refundable by eliminating the $3,000 earnings test, while also increasing the credit's phase-in rate from 45 percent to 15 percent for families with young children.

Increase and reform the estate tax and tax capital gains at death **$400 billion**

Clinton would increase estate taxes on very large inheritances by lowering the exemption from $5.45 million (adjusted for inflation each year) to $3.5 million (doubled for couples) and increasing the base rate from 40 percent to 45 percent. She would also establish higher rates on larger estates, with a 50 percent rate on estates over $10 million, 55 percent over $50 million, and 65 percent over $500 million ($500 million threshold is doubled for couples). In addition, Clinton would eliminate "step-up basis" of capital gains at death and thus tax the value of those gains. Although the Clinton campaign has not outlined specific parameters, it has expressed support for a variety of exemptions in order to prevent the tax from applying to taxpayers making less than $250,000 and to limit its impact on various non-financial assets such as farms, businesses, and real estate. Read more about Clinton's estate tax and step-up basis policy.

Impose a fee on financial institutions **$150 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. Clinton supports a sliding scale fee (based on size and risk) that averages about 13 basis points assessed on the liabilities of a large financial institution with assets larger than $50 billion.

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 capping the amount of deductions available to the wealthy. In total, our estimate shows his tax policies would cost about $4.5 trillion over a decade.

Reduce and reform individual income taxes **-$0.90 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 the stated goals of his tax plan 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 when optimistic levels of growth are considered. The elements of Trump's individual income tax reforms include:

- **Reduce individual tax rates and repeal the Alternative Minimum Tax (AMT) (***-$1.7 trillion***)** – Trump would replace the seven individual tax rates ranging from 10 to 39.6 percent with three rates of 12, 25, and 33 percent. In addition, he would repeal the individual AMT. Trump would also eliminate the 3.8 percent investment surtax from the Affordable Care Act, though we have included that cost with his health proposals.
- **Expand the standard deduction, eliminate personal exemptions, and eliminate Head of Household status (***$0.35 trillion***)** – Trump would more than double the standard deduction, from $12,600 per couple to $30,000, while eliminating the Head of Household status and both personal and dependent exemptions.
- **Limit various tax breaks (***$0.45 trillion***)** – Trump would partially pay for his plan by capping the amount of itemized deductions a couple could take at $200,000. Trump would also tax carried interest as ordinary income.

Reduce and reform business/corporate income taxes **-$2.85 trillion**

Trump's plan would reduce the top corporate rate from 35 percent to 15 percent, repeal the corporate AMT, repeal various corporate and business tax expenditures, and enact a deemed repatriation of current deferred foreign profits at a 10 percent rate. He would also offer U.S. manufacturers the option of fully expensing immediately (instead of writing off over time) their equipment in exchange for giving up interest deductions. When it comes to taxation of pass-through businesses, which pay taxes through the individual tax code, significant ambiguity remains under Trump's plan. One interpretation is that these businesses would pay the individual tax rate of up to 33 percent; another is that they will pay the 15 percent corporate rate.

A hybrid approach is also possible. For instance, if these businesses pay the corporate rate on retained profits and an additional 20 percent dividend rate on certain profits disbursed to owners as income. For this reason, our estimates take the mid-point of the range of uncertainty for this provision, recognizing that Trump's pass through plan could cost as much as $750 billion more or less than this estimate.

Expand tax breaks for childcare and other caregiving **-$0.55 trillion**

Trump would offer an above-the-line deduction for the cost of childcare and eldercare, limited to average costs in the taxpayer's state of residence. The deduction would also be offered to stay-at-home parents and would phase out at higher incomes. Low-income families who would not benefit from the deduction would instead be offered an expanded Earned Income Tax Credit that would refund half of their payroll tax burden. At the same time, Trump would allow businesses to deduct the cost of childcare benefits and expand the current tax credit for on-site childcare. Finally, Trump would allow families to establish Dependent Care Savings Accounts and contribute up to $2,000 per year tax-free. Low-income households would receive up to a 50 percent match for these contributions for the first $1,000 contributed every year. Our cost estimates are based on the Tax Foundation but the Tax Policy Center has estimated this could cost as little as $150 billion.

Repeal the estate tax and tax capital gains at death **-$0.20 trillion**

Currently, a 40 percent estate tax is levied on inheritances over $5.45 million for individuals (double for couples), 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 and replace them with a tax on unrealized capital gains above $10 million (for couples) at death.

Hillary Clinton's Spending Policies

We estimate that Secretary Clinton's spending proposals (excluding her health care proposals) would cost about $1.55 trillion over ten years, of which roughly $1.5 trillion is from spending changes and the remainder from revenue losses. This estimate includes Clinton's plans for college and early education reforms, infrastructure investments, defense, veterans, new investments in energy, paid family leave, and other economic and jobs initiatives.

However, our 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.

Enact a "New College Compact" **-$500 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 tuition-free education at in-state public colleges and universities for students from families making less than $125,000 (phased in over 4 years starting at $85,000), building on her promise to ensure access to "debt-free" college. Clinton would also lighten the burden of college debt by reducing interest rates and allowing borrowers a three-month moratorium on student loan repayment 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, restore access to year-round Pell Grant funding, and freeze payments on student loans for young entrepreneurs for up to three years (with social entrepreneurs and those starting businesses in distressed communities eligible for up to $17,500 in debt relief).

Expand early childhood education and child care **-$200 billion**

Clinton supports a suite of initiatives designed to expand early childhood education and 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 income. Clinton would provide funds to states to provide access to preschool 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. It does not appear that these policies in isolation would be sufficient to reduce childcare costs to 10 percent of income for every family without significantly increasing the cost of the proposal.

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 such reforms. 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 support coal communities **-$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 encouraging 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.

Enact paid family leave and related policies **-$300 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 limit, similar to the FAMILY Act sponsored by Senator Kirsten Gillibrand (D-NY). Unlike the FAMILY Act, however, Clinton does not support an employer mandate or an across-the-board payroll tax increase to pay for the plan 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 (on up to $6,000 of expenses) to help alleviate the cost of caring for elderly family members.

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 capital 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. She has recently proposed to create a National Service Reserve to increase civic engagement and volunteerism, particularly among millennials, which we have not estimated.

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.

Address the Sequester **N/A**

Clinton has put forth several goals to effectively repeal the defense and non-defense sequester. Her website says that she "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." Elsewhere on her website she says that "we must go further by ending the sequester for both defense and non-defense spending in a balanced way." Based on these statements as well as discussions with the campaign we believe this is a goal and not yet a specific plan, so we do not include the cost in our estimate. However, it could cost as much as $750 billion if she fully repeals both the non-defense and defense sequester on discretionary spending.

Donald Trump's Spending Policies

Although Mr. Trump has discussed many different policy areas on the campaign trail, most of his proposed spending changes are either small in terms of fiscal impact or lack enough detail to estimate. We very broadly conclude that these proposals would roughly offset the cost of each other. 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.

End Common Core and increase spending on school choice vouchers **$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. In addition to this, Trump has proposed to spend $20 billion per year on school choice vouchers to allow states to let the funds follow the student so parents could choose between sending their children to public, private, or charter schools. These funds would be diverted from existing federal funds for education, making this proposal budget-neutral.

Offer partially-paid maternity leave through unemployment insurance **-$50 billion**

The federal government currently requires large employers to offer 12 weeks of unpaid leave for parents of newborns. Trump has proposed to allow new mothers to collect up to 6 weeks of unemployment insurance over the course of their maternity leave. The campaign estimates this would cost about $2.5 billion per year and has proposed to pay for it by reducing improper payments in the unemployment insurance program. Our cost estimates are similar though somewhat higher, while our savings estimates are lower (and incorporated in our estimate of reducing other non-defense spending, below).

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. As part of his first 100-day agenda, Trump recently proposed $1 trillion in private infrastructure investment spurred by federal tax credits. However, the proposal is not detailed on his website and is not included here.

Reform the Veterans Affairs system **-$500 billion**

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; however, if the policy is more expansive than the one CBO scored, it could cost upward of $1 trillion.

Rebuild the military **-$450 billion**

Trump has proposed to increase the number of active Army troops from 475,000 to 540,000, the number of Marine battalions from 24 to 36, the number of Navy ships from a planned 280 to 350, and the number of Air Force fighter aircraft to at least 1,200. He also proposed to modernize missile defense and cyber security and to instruct U.S. generals to present a plan to defeat ISIS. These expansions could not be paid for under the current defense discretionary spending caps. In part, Trump would pay for them by requiring other countries (including Japan, Germany, South Korea, Saudi Arabia, and members of NATO) to take more responsibility for their own defense needs or reimburse the U.S. for some of the defense provided. At the same time, he would increase the current defense caps by repealing the "defense sequester," which reduced the caps by about $55 billion per year. Read more about Trump's defense plan.

Reform trade relations **$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 low-cost 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 multi-national 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 do not evaluate the cost or savings of its effects. However, the revenue from his tariffs – which are not described on his campaign website except in a brief reference on a campaign video – could bring in $650 billion before accounting for the impact of lost trade due to the high tariffs.

Reduce non-defense spending through a "Penny Plan" $750 billion

Trump proposes to reduce non-defense spending by applying the "Penny Plan" to the Non-Defense Discretionary (NDD) spending caps and certain other non-defense spending. The Penny Plan reduces spending by 1 percent each year relative to the year before. Since most spending is projected to grow under current law – at least with inflation – this represents a significant cut over time. For example, applying the Penny Plan to the NDD caps would reduce the caps by 25 percent after a decade and save about $630 billion over ten years. Trump would apply the Penny Plan to certain other non-defense, non-entitlement, non-discretionary programs, which could generate modest additional savings depending on the details. Note that our total savings estimates of $750 billion is somewhat lower than the campaign's $1 trillion estimate. Read more about Trump's Penny Plan.

Reduce other non-defense spending $250 billion

Trump has proposed several other non-defense spending cuts to help offset his proposals. He would cut by 5 percent spending on programs that Congress has not formally authorized (otherwise known as unauthorized appropriations), which totaled over $300 billion in 2016. He would also shrink the size of the federal workforce through attrition, which we assume would entail replacing only 1 federal employee for every 3 that leave. Finally, Trump would reduce the amount of improper and fraudulent payments for federal programs. Read more about Trump's non-defense spending offsets.

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 creating a path to citizenship, ending the 3- and 10-year wait periods for reentry to the United States for obtaining a green card, shuttering private detention centers for immigrants, and expanding 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. While we do not include the economic feedback effects of her immigration proposal, if it is similar to the Senate bill, it could modestly increase GDP.

Donald Trump's Immigration Policies

We found that Mr. Trump's immigration proposals would cost $50 billion on net. The 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. However, if we incorporated Trump's call to deport all unauthorized immigrants his plan could cost $350 billion.

Reduce illegal immigration and deport unauthorized immigrants **-$50 billion**

Trump has proposed reforms designed to reduce illegal immigration, both through enforcing current law and implementing new policies. He would increase immigration enforcement officers, mandate nationwide use of the "E-verify" program and the deportation of all criminal aliens, end birthright citizenship, increase penalties for overstaying visas, defund sanctuary cities, and eliminate 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, we believe a similar amount of money could be raised through a combination of tariffs, customs fees, and remittance fees that Trump has proposed. These immigration policies would have numerous offsetting measures with about $50 billion in revenue savings offsetting roughly $100 billion of new spending. For the most part, these estimates exclude any labor force effects. Trump has, also on many occasions, called for deporting the roughly 11 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, so we assume this policy does not represent an official campaign position, although it could cost upwards of $300 billion.