Analysis of the Policy Proposals in the November 10th Republican Presidential Debate: Impact on Spending

Spending Proposals in the November 10th Republican Debate: Number & Annualized Cost (in Millions) of Policies						
Candidate	**Total Cost per Year**	**# of Increase Proposals**	**Cost per Year of Increase Proposals**	**# of Decrease Proposals**	**Cost per Year of Savings Proposals**	**# of Proposals with Indeterminate Costs**
Jeb Bush	$17,800	1	$17,800	0		2
Ben Carson	Indeterminate			0		1
Ted Cruz	-$5,891	0		2	-$5,891	1
Carly Fiorina	-$43,578	3	$51,822	1	-$95,400	4
John Kasich	-$7,054	2	$26,613	1	-$33,677	3
Rand Paul	Indeterminate	0		0		1
Marco Rubio	-$56,949	3	$42,751	2	-$99,700	2
Donald Trump	$2,520	1	$2,520	0		1

Jeb Bush

Net Change in Spending per Year: $17.8 billion

Government Reform: *Indeterminate*

Regulatory Reform: "On the regulatory side I think we need to repeal every rule that Barack Obama has in terms of work in progress, every one of them. And start over. ... The [C]lean [P]ower act, we ought to repeal that and — and start over on that. The [W]aters of the United States act, which is going to be devastating for agriculture and many industries, we should repeal that. We should repeal the rules because the economic costs of this far exceed the social benefit."

> **Cost per Year: Indeterminate**
>
> Notes: There could be significant administrative and enforcement savings but a cost estimate is indeterminate.

Tax Reform: "I'm gonna fight as hard as I can to make sure that we shift power away from Washington, simplify the tax code … ."

Cost per Year: Indeterminate

Notes: Bush has proposed to simplify the current Tax Code from seven brackets to three. It is unclear to what degree Bush's plan would reduce tax enforcement and administration costs. The Internal Revenue Service's (IRS) FY 2016 funding is projected be $12 billion, including $2.2 billion for taxpayer services, $4.9 billion for enforcement, and $3.7 billion for operations support.

<u>Homeland Security & Law Enforcement</u>: *$17.8 billion per year*

Path to Citizenship: "What we need to do is allow people to earn legal status where they pay a fine, where they work, where they don't commit crimes, where they learn English, and over an extended period of time, they earn legal status. That's the path — a proper path … ."

Cost per Year: $17.8 billion ($89 billion over five years)

Notes: Jeb Bush has laid out an immigration reform plan that includes a path to citizenship. The key principles of his plan match up with the goal of related legislation considered in the 113th Congress. In 2013, CBO estimated that the Senate's comprehensive immigration reform bill (S. 744) would both provide additional funding for border security and, by providing a path to legal status for many current illegal aliens, make substantially more people eligible for entitlement programs such as Social Security and Medicaid, boosting expenditures by $89 billion in direct spending and $12 billion in discretionary spending over the first five years. Many of Bush's plans overlap with provisions included in the legislation passed by the Senate. Due to the unavailability at this time of a cost estimate specifically tailored to Bush's plan, the estimate for S. 744 is used to show the potential impact of Bush's "path to citizenship" proposal. This figure does not include the border security funding that he did not cite in this debate, but has elsewhere.

Ben Carson

Net Change in Spending per Year: Indeterminate

<u>Government Reform</u>: *Indeterminate*

Tax Rebate: "And in the [tax] system that we're putting together, there will be a rebate for people at the poverty level."

Cost per Year: Indeterminate

Notes: Carson has proposed instituting a flat tax plan with a single rate for all filers; however the full details of his plan have not yet been released. It is unclear what form this "rebate" would take and how it would interact with refundable credits.

Ted Cruz

Net Change in Spending per Year: -$5.891 billion per year

<u>Government Reform</u>: *-$5.151 billion per year*

Budget Cuts: " … [T]oday, we rolled out a spending plan. $500 billion in specific cuts – five major agencies that I would eliminate. The IRS, the Department of Commerce, the Department of Energy, the Department of Commerce, and HUD – and then 25 specific programs."

> **Cost per Year: -$5.151 billion (-$25.755 billion over five years)**
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> Notes: NTU Foundation reviewed Cruz's "Five for Freedom" budget cutting plan for the quantifiable savings over a five-year budget window. NTU Foundation was able to quantify total savings of $5.151 billion per year. Savings could be higher, especially over the long-term. Outlays for the 5 major programs were nearly $200 billion in FY 2015, but the timeline for winding down the Departments is unclear, as well as which programs within the Departments would be retained. A detailed, line-by-line analysis of all the potential savings in the Five for Freedom plan is available on our website.

<u>Social Security</u>: *-$740 million per year*

Eligibility Age: "… [F]or younger workers we should gradually raise the retirement age, we should have benefits grow more slowly … ."

> **Cost per Year: -$740 million (-$3.7 billion over five years)**
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> Notes: The CBO estimates that stepping up the retirement age at which workers become eligible for Social Security benefits by two-month increments for six years would save $3.7 billion over five years, and $34.8 billion over ten years. Barring additional information, NTUF assumes his plan would be implemented in line with the proposal scored by CBO. The actual savings from Cruz's statement regarding the retirement age would depend on whether or not he advocates a faster step up rate or a slower one. He also proposed "changing the rate of growth to match inflation."

Personal Accounts: " … [W]e should allow [younger workers] to keep a portion of their taxes in a personal account that they control, and can pass on to their kids."

> **Cost per Year: Indeterminate**
>
> Notes: Under proposals to permit personal accounts, certain workers (usually those under 50 or 55 years of age) would have the option of directing a small portion of their Social Security payroll taxes into a personal investment account. These plans would require an adjustment in the timing of outlays that would otherwise occur even in the absence of reform, i.e., payments in the form of benefits that a worker would eventually receive in the future after retirement would instead be recorded as outlays sooner as the funds are transferred to the personal accounts. Over the long-term, there would be significant savings to Social Security.
>
> There could be some costs associated with the administration of personal accounts, depending on the "decisions made regarding collection and processing of contributions, asset management, calculation and payment of benefits, and enforcement and oversight."

Carly Fiorina

Net Change in Spending per Year: -$43.578 billion

<u>Government Reform</u>: *Indeterminate*

Regulations from the Executive in Need of Scrutiny (REINS) Act: "We need to pass the REINS Act so Congress is in charge of regulation, not nameless, faceless bureaucrats accountable to no one. We've become a nation of rules, not a nation of laws."

Cost per Year: Indeterminate

Notes: The REINS Act of 2015, introduced as H.R. 427, would require major rules to be approved by Congress before going into effect. To the extent that major rules are blocked, there could be reduced enforcement costs for the agency or department that issued the regulation. However, the Congressional Budget Office was unable to estimate its budgetary impact.

Tax Reform: "We need to actually reform the tax code. Go to a three-page tax code."

Cost per Year: Indeterminate

Notes: The Internal Revenue Service's FY 2016 funding is projected to be $12 billion, including $2.2 billion for taxpayer services, $4.9 billion for enforcement, and $3.7 billion for operations support.

On her Facebook page, Fiorina mentioned the Hall-Rabushka flat tax plan as a model of a three-page plan. While there could be significant savings relative to the current tax law, the level of funding necessary to administer Fiorina's reformed Tax Code is indeterminate.

Zero-based Budgeting: "Let us actually go to zero- based budgeting so we know where the money is being spent. It's kind of basic. There is a bill sitting in the House that would actually pass and have us go to zero-based budgeting so we know where every dime of your money is being spent instead of only talking about how much more we're going to spend year after year after year."

Cost per Year: Indeterminate

Notes: Legislation has been introduced as H.R. 1591, the Zero-based Budgeting Ensures Responsible Oversight Act of 2015. It would require that the annual budget submission provide additional information including: a description of each activity for which funds were appropriated during the current year or are requested for the budget year, alternative funding levels with at least two that are lower than the current level, and measures of effectiveness of each program.

While a cost estimate is currently unavailable, it is likely that the additional reporting requirements would increase administrative costs related to preparing annual budgets. For example, related legislation has been introduced as the S. 282, Taxpayers Right-to-Know Act. The bill would require each agency to report information on a website including each of its programs' total costs, number of beneficiaries, and number of federal workers involved. The CBO estimates that "assembling such information about each government activity that provides benefits or services to the public would cost each of the 26 major agencies about $1 million a year. We estimate that smaller federal agencies would spend a total of about $4 million annually." In total it would increase outlays by $82 million over five years.

Health Care: *-$87.435 billion per year*

Affordable Care Act Repeal: " … Obamacare has to be repealed … ."

Cost per Year: -$95.4 billion (-$477 billion over five years)

Notes: CBO has not completed an analysis of the full spending related to the Patient Protection and Affordable Care Act. A June 2015 CBO analysis of repealing the law showed that direct spending would be reduced by $477 billion over five years. There are potentially additional unreported discretionary savings.

High Risk Pools: " … [W]e have to give back to states the responsibility to manage a high risk pool."

Cost per Year: $7.964 billion ($39.819 billion over five years)

Notes: It is unclear what specific level of funding Fiorina would support; however, a related proposal has been drafted. Last year, the Center for Health and Economy (CHE) published a detailed plan to repeal and replace the Affordable Care Act. The reforms included a proposal to re-establish federal funding for high-risk pools to help provide health insurance coverage to individuals with pre-existing conditions. Funding would start at $7.5 billion in the first year and increase by three percent annually.

National Defense & Foreign Affairs: *$43.858 billion per year*

Aid for Kurds: "The Kurds have asked us to arm them for three years, we are not, I would."

Cost per Year: Indeterminate.

Notes: H.R. 1735, the National Defense Authorization Act for Fiscal Year 2016, would authorize at least $90 million for the Kurdish Peshmerga to counter the Islamic State. The State Department indicated to The Huffington Post in June that the U.S. has indirectly sent at least $365 million in military support to Iraqi Kurdistan. The cost of additional aid that Fiorina would provide as President is unclear.

Military – Rebuild: "I would start rebuilding the Sixth Fleet … rebuilding the military … ."

Cost per Year: $43.078 billion ($251.023 billion over five years)

Notes: It is unclear what resources would be required to "rebuild the Sixth Fleet." In the September 16 Republican candidate debate, Fiorina presented specific proposals related to defense, including increasing the Army, the Navy, and the Marines for a total five-year cost of $251.023 billion, plus additional proposals that NTUF was not able to quantify.

Missile Defense: "I would start rebuilding ... the missile defense program in Poland."

Cost per Year: $780 million ($3.9 billion over five years)

Notes: In the 2009 Budget, the George W. Bush administration requested $3.9 billion to establish interceptors in Poland. Later that year, the incoming Obama Administration announced that the plan would be scrapped. CBO also estimated the costs of expanding and operating an integrated missile defense system in Europe, including the sites in Poland that Mrs. Fiorina specifically mentioned, that could cost as much as $15.11 billion over 20 years (after adjusting for inflation).

John Kasich

Net Change in Spending per Year: -$7.054 billion

Education, Science, & Research: ***Indeterminate***

Job Training: "And for those at the bottom, we've got to do what we can to train them so they can move up."

Cost per Year: Indeterminate

Notes: It is unclear what policies would be implemented pursuant to this statement.

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Government Reform: N/A

Balanced Budget: "I have a plan ... to get us to a balanced budget by the end of a second term."

Cost per Year: N/A

Notes: Budget caps and freezes are important, and over the short term are effective at restraining federal spending. However, as recent history has shown, over the longer term, lawmakers seek ways to skirt or reverse the caps. In our candidate campaign analyses, NTU Foundation is tracking the candidates' specific proposals to reform and reduce programmatic spending. In the debates, Kasich has offered several significant spending cuts with quantifiable savings.

Kasich has also provided a "balanced budget outline" with spending totals – excluding Social Security – for the eight years from FY 2018-2025. Kasich's plans would set spending at $30.17 trillion. The Congressional Budget Office's August 2015 baseline forecasts $31.7 trillion over that period. If Kasich's reforms are implemented and maintained, spending would be $169 billion lower through FY 2021 relative to the CBO baseline.

Kasich's plan also would raise more revenues than forecast under CBO's projection. By 2025, under Kasich's budget outline, revenues would exceed on-budget spending by $3 billion. However, as noted, these figures exclude funds from the Social Security Trust Fund as well as net flows for the U.S. Postal Service. Under current law, these categories, classified as "off-budget", will see a net deficit of $976 billion from FY 2018-2025, including a $261 billion gap in 2025.

Non-Defense Discretionary Spending: "Now, we freeze non-defense discretionary for eight years."

Cost per Year: N/A

Notes: As noted above, Budget caps and freezes are important and, over the short term, are highly effective at restraining federal spending. However, as recent history has shown, over the long term, lawmakers seek ways to skirt or reverse the spending limits. In our candidate studies, NTU Foundation is tracking the candidates' specific proposals to reform and reduce programmatic spending.

The Congressional Budget Office forecasts that non-defense discretionary outlays will be $593 billion in 2017 and would grow by 2 percent a year over the following eight years. Kasich would freeze outlays at $593 billion over that same time period. Kasich has offered specific reductions in this category of spending in previous debates, including his proposal to reduce federal gas taxes and transfer responsibility to the states for most surface transportation funding.

Health Care: *-$33.667 billion per year*

Medicare: "We would move the Medicare system from a 7 percent growth down to about a 5 percent growth. "

Cost per Year: -$33.667 billion (-$101 billion over three years)

Notes: Under current law, the Congressional Budget Office forecasts that Medicare spending will grow by an average of 8 percent from 2019 - 2025. Starting in FY 2019, Kasich's plan would slow the growth in Medicare outlays to an average of 6 percent per year. Relative to CBO's projection, Kasich's plan would save $101 billion through 2021, and, outside of the first five year budget window, an additional $427 billion from FY 2022 through FY 2025.

Homeland Security & Law Enforcement: *$863 million per year*

Border Security: "We need to control our border just like people have to control who goes in and out of their house."

Cost per Year: $863 million ($4.314 billion over five years)

Notes: Border fence construction costs up to $6.5 million per mile. The Secure Fence Act of 2006 mandated the completion of 700 miles of double-layer fencing but to date just 36.3 miles meet this requirement. Building an additional 663.7 miles of layered fencing could $4.314 billion over five years.

National Defense & Foreign Affairs: *$25.75 billion per year*

Defense: "We also put an increase in defense spending."

Cost per Year: $25.75 billion ($103 billion over four years)

Notes: Under the latest Congressional Budget Office forecast, defense spending will reach $592 billion in FY 2017 and would total $5.23 trillion from FY 2018-2025. Governor Kasich has proposed defense spending levels from FY 2018-2025 for a total cost of $5.31 trillion. Through FY 2021, Kasich's plan would increase outlays relative to CBO's forecast by a total of $103 billion. Outside of the five-year budget window, Kasich's defense spending levels are lower than CBO's outlook by a total of $32 billion.

Rand Paul

Net Change in Spending per Year: N/A

<u>Government Reform</u>: ***N/A***

Balanced Budget: "I put forward three plans that actually balance the budget over a five-year period. Each of these plans have details on exactly where we would cut. The question came up earlier, where would you cut? Nobody likes to say where they would cut. I've put pencil to paper and done three budgets that actually balance. I'm also in favor of a plan called the penny plan where we'd just cut 1 percent across the board and the budget actually balances in less than five years. So I think what is extraordinary about my tax plan is it is in the context of balancing the budget."

Cost per Year: N/A

Notes: Budget caps and freezes are important, and over the short term are effective at restraining federal spending. However, as recent history has shown, over the long term, lawmakers seek ways to skirt or reverse the caps. In our candidate campaign analyses, NTU Foundation is tracking the candidates' specific proposals to reform and reduce programmatic spending. It is also unclear which particular plan Paul would pursue as President. In the debate, he did specifically mention support for a plan for a 1 percent across-the-board cut to balance the budget over five years, which would reduce outlays relative to the Congressional Budget Office budget outlook by $2.32 trillion. A five-year forecast of revenues under Paul's tax reform plan is currently unavailable.

Marco Rubio

Net Change in Spending per Year:

<u>Economy, Transportation, & Infrastructure</u>: ***-$4.3 billion per year***

Dodd-Frank Repeal: "We need to repeal Dodd-Frank as soon as possible."

Cost per Year: -$4.3 billion (-$21.5 billion over five years)

Notes: According to a statement made on March 30, 2011 by Douglas W. Elmendorf, then CBO Director, repealing the Dodd-Frank Wall Street Reform and Consumer Protection Act could reduce federal spending by as much as $21.5 billion over the first five years. A more recent cost estimate is not available.

<u>Education, Science, & Research</u>: ***Indeterminate***

Vocation Education: " … [M]ake higher education faster and easier to access, especially vocational training. … [M]odernize higher education … ."

Cost per Year: Indeterminate

Notes: On his campaign website, Rubio notes:

"As president, I will ...make career and vocational education more widespread and accessible. This can begin as early as high school so we graduate students not just with a diploma, but also with a certification to work as a mechanic, plumber, welder, electrician, or in any number of other good-paying occupations.

And I will expand apprenticeship programs, which can provide on-the-job training and help standardize skills by allowing students to learn methods from experienced workers and spread them throughout the industry."

It is unclear whether this would require additional funding, or if funding for existing programs would be made redirected for these purposes, as would occur under related legislation, S. 649, the Higher Education Reform and Opportunity Act of 2015.

Another related bill in Congress, S. 574, the LEAP Act, would provide tax credits to employers who permit employees to participate in apprenticeships. However, Senator Rubio is not a cosponsor of these proposals.

Energy and the Environment: *Indeterminate*

Utilize Energy Resources: " … [F]ully utilize our energy resources so we can reinvigorate manufacturing … ."

Cost per Year: Indeterminate

Notes: It is unclear what policies would be implemented to promote energy and to what extent they would impact spending or do so through tax credits or regulatory relief.

Health Care: *-$87.398 billion per year*

Affordable Care Act Repeal: " … [R]epeal ... Obamacare … ."

Cost per Year: -$95.4 billion (-$477 billion over five years) (Savings)

Notes: CBO has not completed an analysis of the full spending related to the Patient Protection and Affordable Care Act. A June 2015 CBO analysis of repealing the law showed that direct spending would be reduced by $477 billion over five years. There are potentially additional unreported discretionary savings.

Affordable Care Act – Replace: " … [R]eplace Obamacare … ."

Cost per Year: $8.002 billion ($40.01 billion over five years) (*Partial Estimate)*

Notes: Rubio's plan to replace Obamacare includes a refundable tax credit for individuals to purchase health insurance, high risk pools for individuals with pre-existing conditions, purchase of health insurance across state lines, and an expansion of health savings accounts.

Refundable Credits: Indeterminate. The level of the credit and the outlay portion of Rubio's proposed tax credit are unclear. Refundable tax credits are available to filers regardless of their income tax liability, which means that to the extent the value of the credit exceeds a filers' liability, a portion of the credit is recorded in the budget as spending. The Congressional Budget Office forecasts that under the Affordable Care Act, premium subsidies to purchase health insurance through the exchanges will increase spending by $302 billion over the next five years and $711 billion over ten years (excluding $1 billion in 2016 for exchange grants). In addition, the current credit would reduce revenues by $48 billion over the next five years and $109 billion over ten years. A related detailed proposal from the Center for Health and Economy (CHE) to replace the Affordable Care Act includes a refundable premium credit whose total cost (revenue loss and outlays combined) would be $572 billion over ten years.

High Risk Pools: ($7.964 billion per year, $39.819 billion over five years). It is unclear what specific level of funding Rubio would support; however, a related proposal has been drafted: CHE's detailed plan to repeal and replace the Affordable Care Act. The reforms included a proposal to re-establish federal funding for high-risk pools to help provide health insurance coverage to individuals with pre-existing conditions. Funding would start at $7.5 billion in the first year and increase by 3 percent annually.

Health Insurance across State Lines: ($38 million per year, $191 million over five years). Related legislation was introduced in Congress that would allow for the purchase of health insurance across state lines. Currently, a 1945 law permits the states to regulate health insurance plans within their borders; however there is an exemption for certain large employers.

The Congressional Budget Office (CBO) conducted a cost estimate for H.R. 2355 (109th Congress), the Health Care Choice Act of 2005. The bill would provide for cooperative governing of individual insurance coverage offered in interstate commerce. At the time, CBO estimated that the bill would increase spending by $160 million over five years ($191 million, adjusted for inflation). It is unclear whether this cost estimate would be higher or lower today given that it was originally calculated prior to the implementation of the Patient Protection and Affordable Care Act (ACA). The proposal was reintroduced in the 114th Congress in the form of H.R. 543.

Health Savings Accounts: (Indeterminate). In an article laying out his repeal and replace plan, Rubio said he would encourage and expand health savings accounts (HSAs), which use tax incentives to encourage individuals to establish savings accounts for medical expenses. CHE's plan would create a one-time $1,000 refundable credit for HSA enrollees. A cost estimate is indeterminate.

Miscellaneous - Welfare: *$848 million per year*

Refundable Child Tax Credit: "And so, yes, I have a child tax credit increase … ."

Cost per Year: $848 million ($4.24 billion over five years)

Notes: Rubio's plan would "consolidate and enhance" three existing child-related tax credits: the Child Tax Credit (CTC), the Dependent Care Credit, and the Adoption Tax Credit (ATC).

Two of these credits are "refundable" – meaning that they can be claimed by filers with no income tax liability. The CTC resulted in approximately $22 billion in outlays in 2015 and the ATC cost $29 million.

Currently, the CTC is set at $1,000. Rubio would combined it with the other credits and raise it to $2,500.

President Obama's FY 2016 budget included a related proposal to increase the CTC to $3,000 and estimated that this would increase outlays by $5.088 billion over five years, and $11.14

billion over ten. The Budget notes that this estimate also reflects the interaction effect with the proposals to expand the Child and Dependent Care Tax Credit (CDCTC), provide a second earner tax credit, and provide for automatic enrollment in individual retirement accounts (IRAs).

In the absence of an official estimate of the outlay effects resulting from Rubio's plan, the Administration's estimate was pro-rated to account for the smaller credit. Net cost of $4.24 billion over five years.

<u>National Defense & International Relations</u>: *$33.901 billion per year*

Defense: "I do want to rebuild the American military."

Cost per Year: $33.901 billion ($101.704 billion over five years)

Notes: On his campaign website, Rubio has laid out specific defense reforms such as boosting the number of soldiers, increasing the size of the naval fleet, and several others. To do so, he would: "Work to return to Secretary Gates' fiscal year 2012 budget baseline over the course of his first term ... ." In FY 2012, total expenditures on national defense amounted to $677.852 billion. The Congressional Budget Office's August 2015 budget outlook estimates that defense outlays would be $602 billion in FY 2017 and $2.43 trillion from 2017-2020. NTU Foundation assumes that Rubio would increase spending by $28.6 billion per year to get to the 2012 level in 2020. Relative to CBO's forecast, Rubio's plan would increase defense spending by $101.7 billion over 3 years.

Donald Trump

Net Change in Spending per Year: $2.52 billion

<u>Economy, Transportation, & Infrastructure</u>: *Indeterminate*

Infrastructure: " … [W]e have an infrastructure that's falling apart. Our roads, our bridges, our schools, our airports, and we have to start investing money in our country."

Cost per Year: Indeterminate

Notes: On the campaign trail, Trump has said, "We must rebuild our infrastructure … ." However, it is unclear what level of federal spending on infrastructure he would support.

<u>Homeland Security & Law Enforcement</u>: *$2.52 billion per year*

Border Wall: "We will have a wall. The wall will be built."

Cost per Year: $2.52 billion ($12.6 billion over five years)

Notes: Border fence construction costs up to $6.5 million per mile. Completing fencing across the remaining 1,283 miles of border could cost upwards of $8.3 billion. Following through on previous statutory goals requiring an additional 663.7 miles of double-layer fencing could add another $4.3 billion to the total cost. NTUF assumes Trump will prioritize and expedite the construction in order to complete the project within five years. However, this is likely a conservative estimate as mitigation costs and terrain may drive up the cost per mile for fence construction.

General Notes for This Analysis:
Text of candidates' quotations are as reported in a printed transcript.
Estimates subject to possible revision in future reports as more complete information becomes available.
NTUF uses a five-year budget window to score proposals and determine the average annual spending impact. If the entitlement reforms cited above are implemented – and maintained – the budgetary savings would be significant over the long term.

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NTUF is the research affiliate of the National Taxpayers Union, a non-profit taxpayer advocacy group founded in 1969. **Note: For additional analyses of Presidential candidates' spending agendas, visit www.ntu.org/foundation**.

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