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Statement by Maya MacGuineas on Donald Trump's New Tax Plan September 15, 2016

Donald Trump laid out the details of a new tax plan today. His campaign estimates it will cost \$4.4 trillion, about half of the \$9.25 trillion that we had estimated his old plan would cost, arguing that it would be paid for with economic growth and non-defense cuts.

He's moving in the right direction by pursuing a less costly tax plan and identifying some spending cuts to help pay for it. But the plan appears to rely on rosy assumptions and murky policy changes, and it still wouldn't address the unsustainable growth in our national debt.

To make his math add up, Trump assumes annual economic growth of 3.5 percent. That's 75 percent higher than what's currently projected, and it's unlikely to materialize in the context of an aging population – particularly if we continue to add to the post-war record high debt levels that are already holding back economic growth.

He also relies on a “penny plan” – an idea to cut spending 1 percent each year relative to the prior year – for non-defense discretionary spending. That's a clever way to reduce spending, but it would ultimately cut the non-defense budget by a quarter. He includes no detail on how to achieve these cuts.

The biggest concern may be that he has taken about two-thirds of the budget off the table – including Social Security, defense, Medicare, and veterans spending – making it difficult to imagine how future policy changes will improve our debt situation.

While Trump certainly deserves credit for putting forward a more affordable tax plan and beginning to outline spending cuts, much more will need to be done, especially with entitlement programs, to put the nation's debt and economy on a more sustainable long-term path.

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