A COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET PROJECT

USBUDGETWATCH

Primary Numbers: The GOP Candidates and the National Debt

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THE COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

The Committee for a Responsible Federal Budget

U.S. Budget Watch is an ongoing project designed to increase awareness of the important fiscal issues facing the country, from specific policy debates to comprehensive policy platforms by presidential candidates and presidents in office. U.S. Budget Watch seeks to bring attention to the fiscal consequences of presidential candidates' tax and spending policies and to help the public become informed about these issues.

U.S. Budget Watch is a project of the **Committee for a Responsible Federal Budget**, a non-partisan, non-profit organization committed to educating the public about issues that have significant fiscal policy impact. The Committee includes many of the past directors of Congressional Budget Committees, the Congressional Budget Office, the Office of Management and Budget, and the Federal Reserve Board.

Jeffrey Vanke is the lead researcher of the U.S. Budget Watch project and the lead author of this paper.

U.S. Budget Watch neither supports nor opposes any candidate for office. Its reports are intended to promote understanding and discussion of the federal budget and how specific policy proposals would affect the deficit.

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Executive Summary

The United States faces a number of serious fiscal and economic challenges. Federal budget deficits are projected for the foreseeable future, the economy remains weak, Social Security faces long-term financing concerns, health care spending is growing faster than the economy, tax policy is at a major crossroads, and our national debt continues to rise. Inattention to the ballooning national debt threatens to undermine the economy and our competitiveness, and could lead to a serious fiscal crisis.

Our country's debt trajectory is unsustainable. Historically, debt held by the public has averaged less than 40 percent of GDP since 1970. Today's debt is roughly 70 percent of GDP and rising fast, particularly due to the retirement of the baby boom population and rapid health care cost growth. The United States is currently at a crossroads, where fundamental but thoughtful changes can be made now, or else far more painful ones can be forced upon us down the road.

Our leaders will have to take concrete steps to confront these challenges, including raising additional revenues, reducing spending, or some combination of the two. The sooner decisions are made, the better, because they can be phased in more gradually, allowing more time for the economy to recover and the public to adjust, all while providing more stability in the economy. The presidential election season offers the candidates a unique opportunity for leadership in advocating solutions to put our nation on a path to fiscal sustainability.

U.S. Budget Watch seeks to bring attention to the fiscal consequences of presidential candidates' tax and spending policies and to help the public become informed about these issues. ***Primary Numbers: The GOP Candidates and the National Debt*** analyzes the debt impacts of campaign proposals by the four major Republican presidential candidates: Speaker Newt Gingrich, Congressman Ron Paul, Governor Mitt Romney, and Senator Rick Santorum. Our previous publication, ***The 12 Principles of Fiscal Responsibility for the 2012 Campaign***, can be found at http://crfb.org/document/12-principles-fiscal-responsibility-2012-campaign. This edition's focus on the four Republican candidates reflects the current public attention to the Republican primary contest. President Obama's proposals will be included and evaluated under the same method in future analyses.

Each of these candidates has a detailed, albeit still incomplete, set of proposals to reduce both taxes and spending. This report reviews those policy proposals and evaluates their impact on the federal debt. Specifically, we have estimated the debt impact of each policy from the beginning of the next presidential term through the end of fiscal year 2021. Where available, we base our estimates on those of official sources such as the Congressional Budget Office or respected outside groups like the Tax Policy Center. We also rely on estimates from the campaigns themselves, media reports, as well as those produced internally.

For each candidate, we provide a low-debt, intermediate-debt, and high-debt scenario to reflect multiple estimates for certain policies. In general, we provide multiple estimates for one of three reasons: 1) the level of specificity does not allow us to confidently identify what is being cut or increased; 2) the score provided by the candidate or campaign differs from a more official third-party score; or 3) policies do not contain sufficient detail to estimate their effects without further assumptions.

Our methodology section includes a full explanation of these scenarios. Generally speaking, the low-debt scenario gives credit for vague changes to top line numbers (for example, cutting total spending by a percentage), the intermediate-debt scenario gives credit for non-specified changes to certain parts of the budget (for example, reducing non-defense discretionary spending by a percentage), while the high-debt scenario credits only savings from specifically identified policy changes. When the candidate or campaign provides an estimate which differs from an official score, we rely on the campaign estimate for the low-debt scenario and the official score in other cases. And finally, when precise parameters of a policy are not offered (for example, a candidate promises to "phase in" a policy but does not specify the time horizon) we generally estimate three different versions of the policy and distribute them based on their debt impact.

Importantly, our estimates are based on our understanding of the candidates' policy proposals and details to date, and do not represent a final analysis. These findings have not been endorsed by the campaigns or the candidates. As candidates continue to add to and clarify their policy proposals, we will continue to update our estimates.

U.S. Budget Watch 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.

Table 1: Debt Impact of the Candidates' Plans in Billions (Intermediate-Debt Scenario)

	Gingrich	Paul	Romney	Santorum
Tax Policies	$7,100	$5,200	$1,350	$6,050
Spending Policies	-$2,700	-$7,500	-$1,200	-$2,250
Cross-Cutting Policies	$1,700	$400	$70	$70
Interest on the Debt	$900	-$300	$40	$640
Total Debt Impact (billions)	$7,000	-$2,200	$250	$4,500
Total Debt Impact (% of GDP)	30%	-9%	1%	19%
Debt as a Share of GDP in 2021	114%	76%	86%	104%

Note: Totals may not add due to rounding. Positives/negatives reflect increases/decreases in the debt. Estimates compared to the CRFB Realistic Baseline (see Box 1).

Table 2: Debt Impact of the Candidates' Plans in Billions (Low-Debt Scenario)

	Gingrich	Paul	Romney	Santorum
Tax Policies	$3,850	$5,150	$1,250	$6,050
Spending Policies	-$3,000	-$7,500	-$3,250	-$8,300
Cross-Cutting Policies	$1,600	-$1,300	$30	$10
Interest on the Debt	$350	-$700	-$270	-$360
Total Debt Impact (billions)	$2,850	-$4,300	-$2,250	-$2,650
Total Debt Impact (% of GDP)	12%	-18%	-9%	-11%
Debt as a Share of GDP in 2021	97%	67%	75%	74%

Note: Totals may not add due to rounding. Positives/negatives reflect increases/decreases in the debt. Estimates compared to the CRFB Realistic Baseline (see Box 1).

Table 3: Debt Impact of the Candidates' Plans in Billions (High-Debt Scenario)

	Gingrich	Paul	Romney	Santorum
Tax Policies	$7,100	$5,250	$1,350	$6,150
Spending Policies	-$2,350	-$4,650	$480	-$1,750
Cross-Cutting Policies	$3,650	$990	$70	$140
Interest on the Debt	$1,200	$260	$270	$740
Total Debt Impact (billions)	$9,650	$1,850	$2,150	$5,300
Total Debt Impact (% of GDP)	41%	8%	9%	23%
Debt as a Share of GDP in 2021	126%	93%	94%	107%

Note: Totals may not add due to rounding. Positives/negatives reflect increases/decreases in the debt. Estimates compared to the CRFB Realistic Baseline (see Box 1).

Figure 1: Debt by Candidate as Percent of GDP (Intermediate-Debt Scenario)

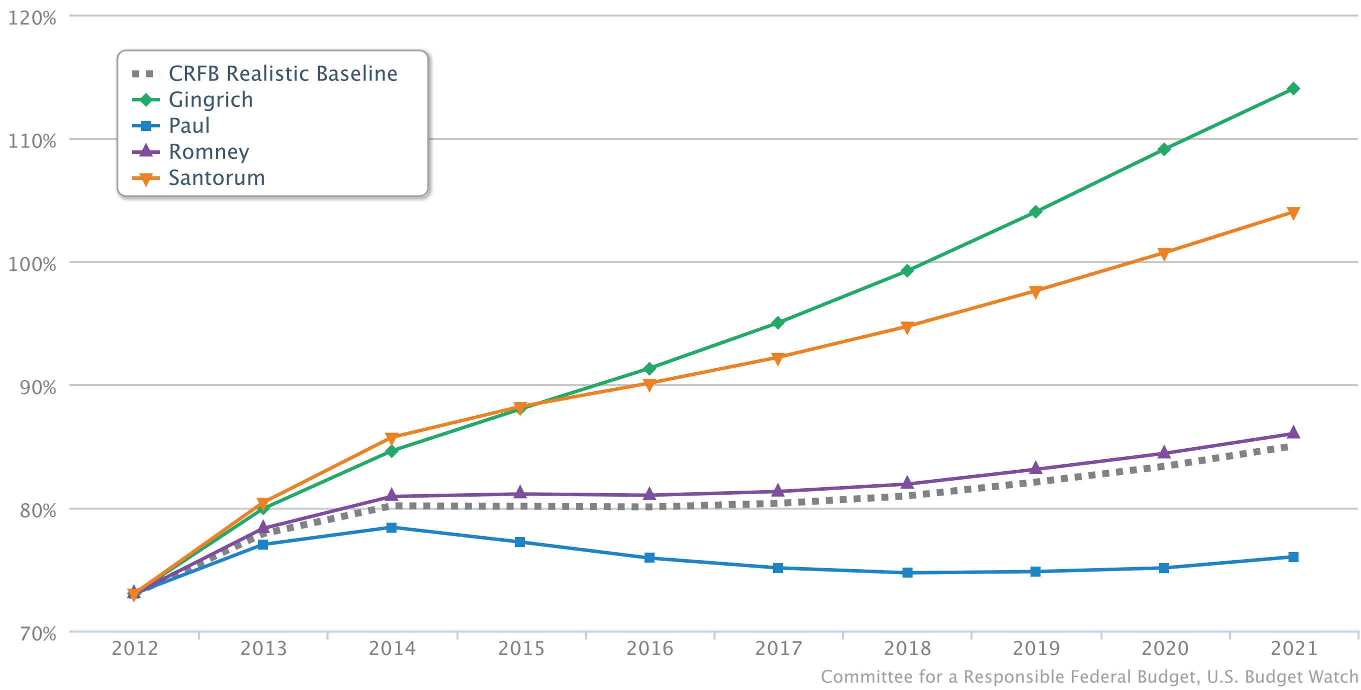


Figure 2: Annual Deficits by Candidate as Percent of GDP (Intermediate-Debt Scenario)

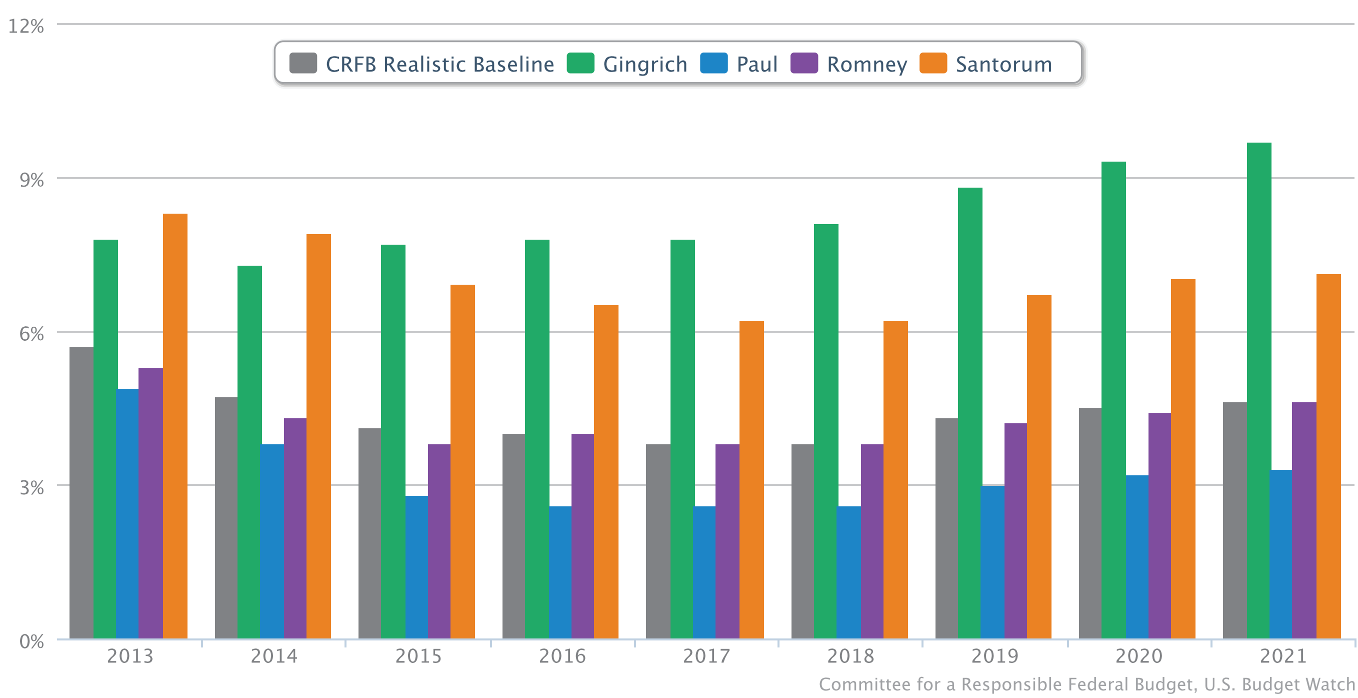


Table 4: Debt Impact of Newt Gingrich's Campaign Proposals in Billions of Dollars

	2013-2021		
	Low-Debt Scenario	**Intermediate-Debt Scenario**	**High-Debt Scenario**
Tax Policies	$3,850	**$7,100**	$7,100
Eliminate Capital Gains Taxes	$1,250	**$1,250**	$1,250
Eliminate Estate Taxes	$170	**$170**	$170
Create an Alternative Flat Tax of 15 Percent	$200	**$3,400**	$3,400
Reduce Corporate Taxes	$2,250	**$2,300**	$2,300
Spending Policies	-$3,000	**-$2,700**	-$2,350
Block-Grant and Cut Spending on 100+ Federal Means-Tested Programs	-$2,400	**-$2,400**	-$2,400
Reduce Improper Payments	-$160	**-$10**	-$10
Cut Most Education Spending	-$550	**-$550**	-$550
Privatize Fannie Mae and Freddie Mac	-$20	**-$20**	-$20
Enact Long-Term Medicare Reform	n/a	**n/a**	n/a
Establish a Moon Base & Mars Mission	$140	**$270**	$620
Cross-Cutting Policies	$1,600	**$1,700**	$3,650
Establish Private Accounts for Social Security	$1,600	**$1,600**	$3,500
Repeal the 2010 Health Care Law (PPACA)	$80	**$80**	$80
Replace PPACA with Other Health Reform	-$40	**$15**	$80
Expand Oil and Gas Development	-$50	**-$15**	-$15
Interest on the Debt	$350	**$900**	$1,200
Total Debt Impact	$2,850	$7,000	$9,650
Total Debt Impact (% of GDP)	12%	30%	41%
Debt as a Share of GDP in 2021	97%	114%	126%

Note: Totals may not add due to rounding. Positives/negative reflect increases/decreases in the debt. Numbers calculated off of CRFB's Realistic Baseline (see Box 1).

Table 5: Debt Impact of Ron Paul's Campaign Proposals in Billions of Dollars

	2013-2021		
	Low-Debt Scenario	Intermediate-Debt Scenario	High-Debt Scenario
Tax Policies	$5,150	**$5,200**	$5,250
Eliminate Certain Features of the Individual Income Tax	$2,500	**$2,500**	$2,500
Eliminate Estate and Gift Taxes	$260	**$260**	$260
Create or Expand Various Individual Credits and Deductions	$30	**$30**	$40
Reduce Corporate Taxes	$1,850	**$1,950**	$1,950
Make Permanent Various "Tax Extenders"	$510	**$510**	$510
Spending Policies	-$7,500	**-$7,500**	-$4,650
Transform Medicaid and Other Entitlements into Block Grants and Freeze their Growth	-$1,900	**-$1,900**	-$1,900
End Overseas Wars and Enact Other Defense Cuts	-$870	**-$870**	-$410
Reduce Federal Workforce Costs	-$200	**-$150**	-$150
Reduce Improper Payments	-$160	**-$10**	-$10
Reduce Other Non-Defense Spending	-$4,350*	**-$4,550**	-$2,150
Enact Long-Term Social Security and Medicare Reforms	n/a	**n/a**	n/a
Cross-Cutting Policies	-$1,300	**$390**	$1,000
Repeal the 2010 Health Care Law (PPACA)	$80	**$80**	$80
Enact Various Health Reform	$140	**$140**	$330
Privatize the FAA and the TSA	-$70	**-$70**	-$70
De-Federalize Highway Funding	-$130	**-$130**	$220
Sell Excess Federal Lands and Assets	-$60	**-$60**	$0
End the Federal Reserve System	-$1,250	**$430**	$430
Interest on the Debt	-$700	**-$300**	$260
Total Debt Impact	-$4,300	**-$2,200**	$1,850
Total Debt Impact (% of GDP)	-18%	**-9%**	8%
Debt as a Share of GDP in 2021	67%	**76%**	93%

Note: Totals may not add due to rounding. Positives/negative reflect increases/decreases in the debt. Numbers calculated off of CRFB's Realistic Baseline (see Box 1).
*Low-debt scenario saves less than intermediate-debt scenario due to interactions with savings in other categories.

Table 6: Debt Impact of Mitt Romney's Campaign Proposals in Billions of Dollars

	2013-2021		
	Low-Debt Scenario	Intermediate-Debt Scenario	High-Debt Scenario
Tax Policies	$1,250	**$1,350**	$1,350
Eliminate Taxes on Capital Gains, Dividends, and Interest for Families Earning Below $200,000	$160	**$160**	$160
Eliminate Estate Taxes	$170	**$170**	$170
Reduce Corporate Taxes	$940	**$1,000**	$1,000
Spending Policies	-$3,250	**-$1,200**	$480
Transform Medicaid into Block Grants to the States and Cap its Growth	-$510	**-$510**	-$510
Reduce Federal Workforce Costs	-$620	**-$530**	-$530
Reduce Improper Payments	-$160	**-$10**	-$10
Reduce Domestic Discretionary Spending	-$180	**-$180**	-$20
Enact a Budget-Neutral Defense Spending Floor	$0	**$0**	$1,550
Enact Long-Term Social Security Reform	n/a	**n/a**	n/a
Enact Long-Term Medicare Reform	n/a	**n/a**	n/a
Cap Federal Spending at 20 Percent of GDP	-$1,800	**$0**	$0
Cross-Cutting Policies	$30	**$70**	$70
Repeal the 2010 Health Care Law (PPACA)	$80	**$80**	$80
Enact Various Health Reforms	$0	**$0**	$0
Expand Oil and Gas Development	-$50	**-$15**	-$15
Interest on the Debt	-$270	**$40**	$270
Total Debt Impact	**-$2,250**	**$250**	**$2,150**
Total Debt Impact (% of GDP)	**-9%**	**1%**	**9%**
Debt as a Share of GDP in 2021	**75%**	**86%**	**94%**

Note: Totals may not add due to rounding. Positives/negative reflect increases/decreases in the debt. Numbers calculated off of CRFB's Realistic Baseline (see Box 1).

Table 7: Debt Impact of Rick Santorum's Campaign Proposals in Billions of Dollars

	2013-2021		
	Low-Debt Scenario	Intermediate-Debt Scenario	High-Debt Scenario
Tax Policies	$6,050	**$6,050**	$6,150
Reduce and Reform Individual Income Taxes	$3,550	**$3,550**	$3,550
Eliminate Estate Taxes	$170	**$170**	$170
Reduce Corporate Taxes	$ 2,300	**$ 2,300**	$ 2,450
Spending Policies	-$8,300	**-$2,250**	-$1,750
Shift Medicare to a Premium-Support System	-$690	**-$460**	-$460
Reduce and Reform Social Security Benefits	-$200	**-$80**	-$5
Transform Various Social Programs into Block Grants to the States and Cap Their Growth	-$1,000	**-$950**	-$950
Freeze Defense Spending for 5 Years	-$260	**-$260**	$0
Reduce Certain Domestic Spending	-$250	**-$220**	-$170
Cut Non-Defense Discretionary Spending to 2008 Levels	-$120	**-$120**	$0
Reduce Federal Workforce Costs	-$150	**-$140**	-$140
Reduce Improper Payments	-$160	**-$10**	-$10
Cut $5 Trillion of Federal Spending Within 5 Years	-$5,450	**$0**	$0
Cross-Cutting Policies	$10	**$70**	$140
Repeal the 2010 Health Care Law (PPACA)	$80	**$80**	$80
Replace PPACA with Other Health Reform	-$60	**$5**	$70
Expand Oil and Gas Development	-$15	**-$15**	-$15
Sell Some Federal Property	-$5	**-$5**	$0
Interest on the Debt	-$360	**$640**	$740
Total Debt Impact	**-$2,650**	**$4,500**	**$5,300**
Total Change in Debt by 2021 (% GDP)	**-11%**	**19%**	**23%**
Debt as a Share of GDP in 2021	**74%**	**104%**	**107%**

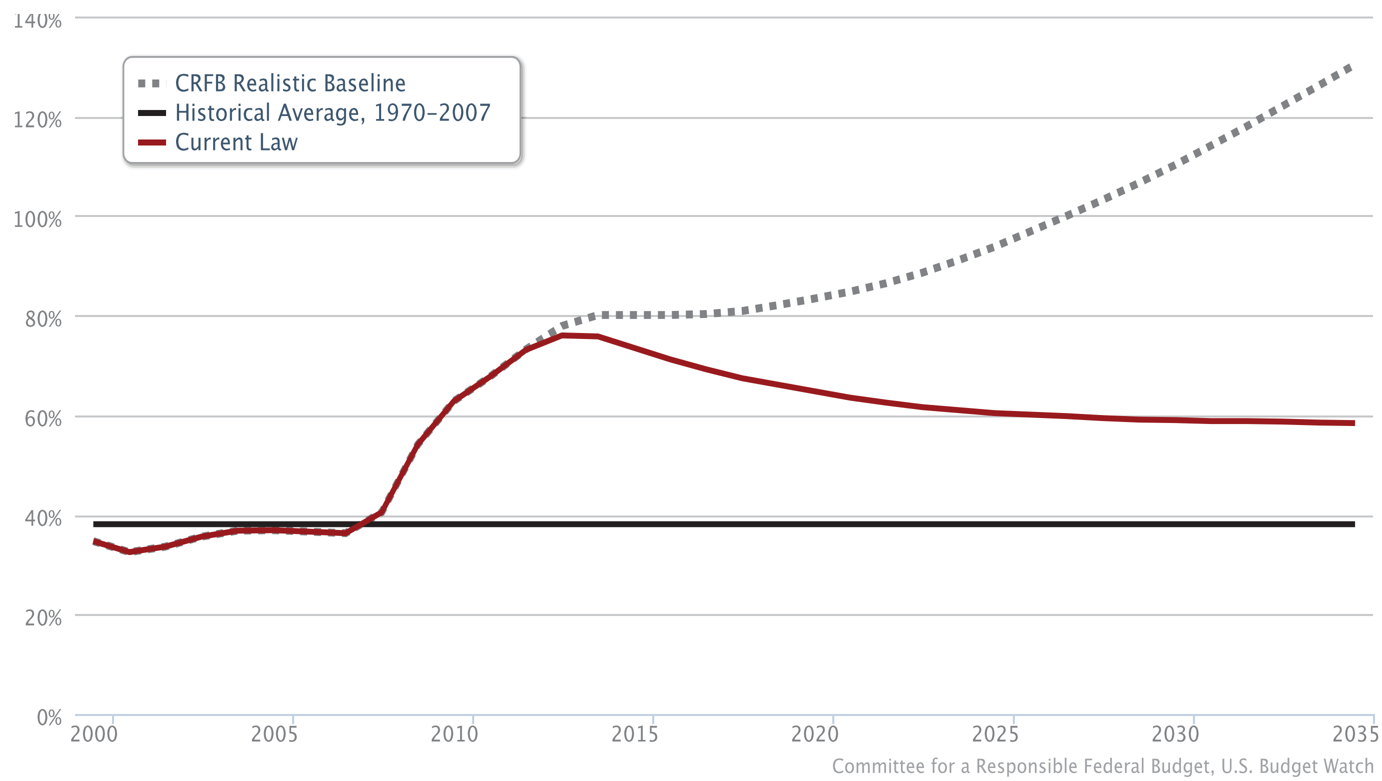
Note: Totals may not add due to rounding. Positives/negative reflect increases/decreases in the debt. Numbers calculated off of CRFB's Realistic Baseline (see Box 1).

Introduction

Primary Numbers: The GOP Candidates and the National Debt presents summaries and fiscal analysis of the major policy proposals of Speaker Newt Gingrich, Congressman Ron Paul, Governor Mitt Romney, and Senator Rick Santorum. Each candidate's proposals are evaluated under three scenarios: a low-debt scenario, an intermediate-debt scenario, and a high-debt scenario. The three scenarios make different assumptions about the costs and savings depending on: 1) the level of specificity for a particular policy; 2) the availability of official cost estimates and the extent to which they differ from campaign-provided estimates; and 3) the level of need to make assumptions surrounding the details behind a policy proposal (see Methodology section). Policies that would increase deficits and add to the debt are shown in positive numbers, and those that would decrease deficits and the debt are shown in negative numbers. The guide is not intended to express a view for or against any candidate or any specific policy proposal.

To estimate their impact on the debt, the proposals are compared against the Committee for a Responsible Federal Budget's (CRFB) Realistic Baseline projections. This baseline assumes debt will remain on an upward path indefinitely. Federal debt held by the public currently stands at about 70 percent of the economy, compared to historical averages of below 40 percent. Under CRFB's Realistic Baseline, debt would rise to 85 percent of the economy by 2021 and 130 percent by 2035.

Figure 3: Long-Term Debt Projections as Percent of GDP



Methodology

This voter guide provides an overview of the major policies proposed by the Republican presidential candidates, including tax policies, spending policies, and those cross-cutting policies that affect both sides of the budget.

We have aimed to include any official candidate policy with a budgetary impact, though we have consolidated some of the policies in our reporting. Policy details are generally taken from the official campaign websites, but occasionally come from other credible sources. These include the campaign websites, press accounts, outside analyses, and direct discussions with campaigns. In some cases, we have had to make our own assumptions about the details of a given proposal; in these cases we have attempted to be comprehensive, objective, and transparent about what assumptions we have made and why.

In estimating the deficit impact of these policies, we have relied on the following considerations:

CRFB Realistic Baseline. We measure the costs and savings of campaign proposals relative to a realistic baseline. That baseline begins with current law, based off of CBO's January baseline but adjusted for newly-passed legislation. It then assumes that policymakers will continue to extend various policies with significant budgetary impacts as they have in the past. Debt under this baseline will rise to 85 percent of GDP by 2021.

BOX 1. CRFB Realistic Baseline

The CRFB Realistic Baseline projects notably larger deficits and debt than those projected under current law. In particular, it assumes the continuation of the 2001/2003/2010 income and estate tax cuts; annual inflation-indexing patches to the Alternative Minimum Tax; a permanent freeze in Medicare physician payments (rather than cuts of 27 percent or more); a gradual drawdown of troops in Iraq and Afghanistan; and a cancelation of the sequester scheduled to occur due to the failure of the 2011 Joint Select Committee on Deficit Reduction. CRFB does not necessarily support any of these policies.*

Table 8: Bridge to the CRFB Realistic Baseline (Billions of Dollars)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2013-2021
Current Law Deficit	**-$621**	**-$373**	**-$266**	**-$268**	**-$215**	**-$192**	**-$260**	**-$274**	**-$273**	**-$2,742**
Extend 2001/2003/2010 Tax Cuts and AMT Patch	-$232	-$334	-$382	-$413	-$445	-$477	-$511	-$549	-$589	-$3,932
Continue "Doc Fixes"	-$14	-$21	-$23	-$25	-$28	-$31	-$35	-$39	-$42	-$260
Reduce Troops in Iraq and Afghanistan	$20	$48	$72	$87	$94	$98	$102	$104	$106	$731
Waive the Sequester	-$66	-$93	-$101	-$104	-$106	-$106	-$105	-$105	-$105	-$891
Net Interest	-$2	-$7	-$16	-$33	-$57	-$85	-$117	-$151	-$188	-$657
Realistic Baseline Deficit	***-$915***	***-$780***	***-$715***	***-$757***	***-$757***	***-$794***	***-$926***	***-$1,015***	***-$1,091***	***-$7,750***
Deficit as % of GDP	**-5.8%**	**-4.7%**	**-4.1%**	**-4.0%**	**-3.8%**	**-3.8%**	**-4.3%**	**-4.5%**	**-4.6%**	**-4.4%**
Debt as % of GDP	**78%**	**80%**	**80%**	**80%**	**80%**	**81%**	**82%**	**83%**	**85%**	**n/a**

*CRFB's most recent projections based on CBO's 2012 Outlook, For more details see http://crfb.org/document/analysis-cbos-budget-and-economic-projections-and-crfbs-realistic-baseline.

Time Horizon. Unless otherwise specified, we analyze all proposals assuming immediate enactment in the beginning of the next presidential term. We assume spending proposals would take effect on February 1, 2013 (for two-thirds of fiscal year 2013) and income tax proposals would take effect retroactively on January 1 (for three-fourths of fiscal year 2013). Our estimates measure costs through the end of fiscal year 2021, the eighth full fiscal year after the next presidential term begins. Many of the candidates have proposed policies with substantial long-term savings. Although we to mention these effects in the text where possible, we do not estimate the overall long-term impact of the candidates' plans.

Three Scenarios. For each policy proposal, we provide a low-debt, intermediate-debt, and high-debt estimate to reflect the potential range of the debt impact. Often our estimates are the same in each scenario, but when they differ it is generally for one of three reasons. First, savings are credited differently based on the level of policy specificity. Second, savings are credited differently when a candidates' estimate differs from outside estimates. And third, savings are credited differently when policy parameters and details are open to interpretation.

In some cases candidates explain precisely what policies they want to modify, but in other cases they offer only very general parameters. Proposals which point to specific policy changes or change funding to a specific program are accounted for in all three scenarios. When a policy calls for reducing spending in a more general area – for example reducing domestic discretionary spending by a certain percentage – savings are credited in the low- and medium-debt scenarios, but not the high-debt scenario. And finally, when a candidate proposes reducing a top line number – for example a percentage reduction in overall spending or in debt levels – we credit the savings only in our low-debt estimates.

In other cases, candidates or their campaigns claim savings levels that differ from official third party estimates. Assuming the difference between the campaign estimate and the outside estimate is substantial, we calculate low-debt estimates based on numbers provided by the campaigns and other estimates based on the outside score.

Finally, a number of proposals are specific in terms of what policy they would change, but lack detailed parameters as to how exactly they would go about this change. In these cases, we generally provide three different potential sets of parameters based on our understanding of the candidates' intentions and based on similar existing proposals; we allocate these policies depending upon their debt impact. For example, if a candidate proposes to phase in some policy over time but does not specify the time horizon, our low-debt scenario would assume a rapid phase-in while our high-debt scenario would assume a slow phase in. In all cases, we have attempted to be comprehensive, objective, and fair to the campaigns. We have also attempted to be transparent about our assumptions, which are spelled out either in the descriptions of the policies or else in corresponding endnotes.

Sources and Scoring Methods. Where possible, we rely on the Congressional Budget Office (CBO) or other official estimates to score the effects of various policies. On the tax side, we derive many of our estimates based on single-year static estimates of the candidates' plans from the Urban-Brookings Tax Policy Center. Their estimates can be viewed in full at http://taxpolicycenter.org/taxtopics/Analyzing-GOP-Tax-Plans.cfm.

Since these estimates are static, they do not incorporate potential behavioral effects which could result in a higher level of revenue collection -- for instance due to a higher realization of capital gains or higher income reporting. Where possible, we attempt to adjust static estiamtes for these effects using very rough rules of thumb based on past static and behavioral estimates of similar policies.

For policies where no official score exists, we rely on scores of similar policies, consult experts from outside groups, or provide our own calculations. In many cases, we also rely on estimates by the campaigns themselves.

As is normal scoring convention, estimates do not account for any potential macrodynamic effects; in other words, do not incorporate the impact a policy might have on strengthening or weakening overall economic growth.

Numbers presented in the charts of this paper are rounded to the nearest $5 billion if below $20 billion, to the nearest $10 billion if between $20 billion and $1 trillion, and to the nearest $50 billion if above $1 trillion.

U.S. Budget Watch has reached out to each presidential campaign in order to give them an opportunity to clarify their policies and in order to solicit their feedback on our estimates. However, our analysis has not been endorsed by any of their campaigns, and their internal policy estimates may differ from ours.

Our estimates represent our best attempt to quantify the debt impact of candidates' policy proposals and details to date. They do not represent a final analysis, as we expect candidates to continue to add to and clarify their policy proposals in the coming weeks and months.

Over the course of the campaign, we will continue to update our estimates as new information is made available. In all likelihood, the cost of the candidates' policies will differ if enacted into law due to economic and political realities, and the imperfect nature of any estimate.

***

U.S. Budget Watch does not support any candidate for office or take a position on any of the proposed policies. This guide is not meant to project actual deficits or to suggest that one candidate is more fiscally responsible than the other. Rather, the estimates presented here are designed to inform the national debate by exposing the inherent trade-offs in policymaking and offering voters an understanding of the fiscal implications of the policies supported by the candidates.

Speaker Newt Gingrich

Speaker Gingrich has proposed a detailed set of policy reforms that would decrease both spending and taxes. We estimate that, taken together, these proposals would increase deficits by **$7.0 trillion** through 2021 under our intermediate projections, resulting in 2021 debt levels at about **114 percent of GDP**. Under our more optimistic "low-debt" scenario, we estimate Speaker Gingrich's policies would increase deficits by $2.8 trillion (bringing debt to 97 percent of GDP); and under our more pessimistic "high-debt" scenario they would increase deficits by $9.7 trillion (bringing debt to 126 percent of GDP).[1]

Figure 4: Federal Debt Held by the Public Under Newt Gingrich's Campaign Proposals as Percent of GDP

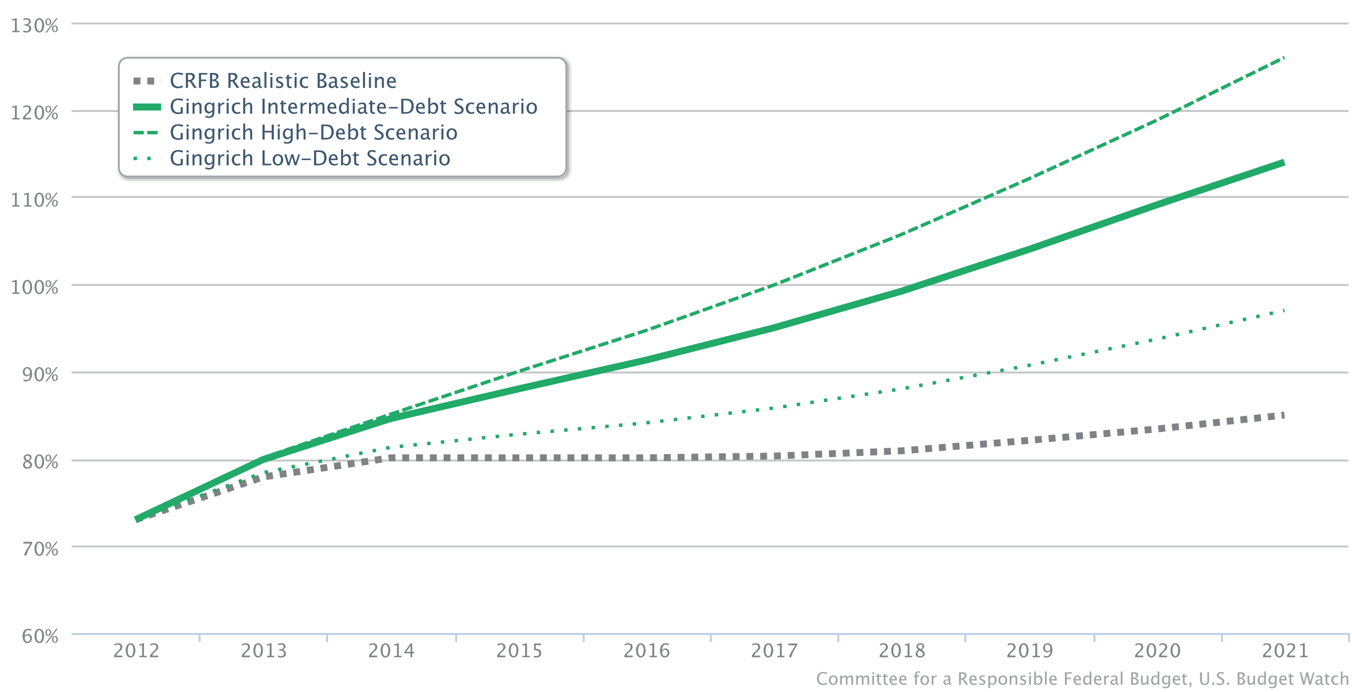


Table 9: Debt Impact of Newt Gingrich's Campaign Proposals in Billions of Dollars

	2013-2021		
	Low-Debt Scenario	Intermediate-Debt Scenario	High-Debt Scenario
Tax Policies	$3,850	**$7,100**	$7,100
Eliminate Capital Gains Taxes	$1,250	**$1,250**	$1,250
Eliminate Estate Taxes	$170	**$170**	$170
Create an Alternative Flat Tax of 15 Percent	$200	**$3,400**	$3,400
Reduce Corporate Taxes	$2,250	**$2,300**	$2,300
Spending Policies	-$3,000	**-$2,700**	-$2,350
Block-Grant and Cut Spending on 100+ Federal Means-Tested Programs	-$2,400	**-$2,400**	-$2,400
Reduce Improper Payments	-$160	**-$10**	-$10
Cut Most Education Spending	-$550	**-$550**	-$550
Privatize Fannie Mae and Freddie Mac	-$20	**-$20**	-$20
Enact Long-Term Medicare Reform	n/a	**n/a**	n/a
Establish a Moon Base & Mars Mission	$140	**$270**	$620
Cross-Cutting Policies	$1,600	**$1,700**	$3,650
Establish Private Accounts for Social Security	$1,600	**$1,600**	$3,500
Repeal the 2010 Health Care Legislation (PPACA)	$80	**$80**	$80
Replace PPACA with Other Health Reform	-$40	**$15**	$80
Expand Oil and Gas Development	-$50	**-$15**	-$15
Interest on the Debt	$350	**$900**	$1,200
Total Debt Impact	$2,850	$7,000	$9,650
Total Debt Impact (% of GDP)	12%	30%	41%
Debt as a Share of GDP in 2021	97%	114%	126%

Note: Totals may not add due to rounding. Positives/negative reflect increases/decreases in the debt. Numbers calculated off of CRFB's Realistic Baseline (see Box 1).

Gingrich: Tax Policies

Eliminate Capital Gains Taxes[2] **+$1.2 trillion**

Currently, most long-term capital gains are taxed at a preferential rate of 15 percent. Speaker Gingrich has called for abolishing taxes on capital gains. We assume this policy would only apply to long-term capital gains (though all capital gains are exempt from taxation in Gingrich's alternative flat tax, described below), which we estimate would lose roughly $1.2 trillion in revenue through 2021.[3]

Eliminate Estate Taxes[4] **+$170 billion**

Speaker Gingrich proposes to eliminate the estate tax, which currently taxes individual estate value in excess of $5.12 million at a rate of 35 percent. We estimate this would cost roughly $170 billion through 2021.[5]

Create an Alternative Flat Tax of 15 Percent[6] +$200 billion / **+$3.4 trillion** / +$3.4 trillion

Speaker Gingrich would reform the tax code to give all taxpayers the option of remaining in the current tax system or entering into an alternative "flat tax" system. The flat tax system would have a single tax rate no higher than 15 percent and a personal deduction of $12,000. It would retain the current child tax credit and earned income tax credit (EITC) as well as deductions for mortgage interest and charitable giving. The system would have no Alternative Minimum Tax and would eliminate taxes on capital gains, dividends, and interest. Although the Gingrich campaign has described this alternative system as "a revenue neutral flat tax," the Tax Policy Center finds that it would result in revenue loss, which we estimate at about $3.4 trillion after making rough adjustments for microdynamic effects. If the new system were neutral to the current system, some revenue loss would still occur since offering the new code as a voluntary alternative will lead taxpayers to choose the lower cost tax system. Our low-debt scenario assumes only a cost from taxpayers choosing the more beneficial system, while our intermediate-debt scenario reflects the Tax Policy Center score of the proposal, adjusted roughly to incorporate behavior.[7]

Reduce Corporate Taxes[8] **+$2.3 trillion**

Speaker Gingrich proposes a number of corporate tax cuts. Most significantly, he would reduce the top corporate tax rate from 35 percent to 12.5 percent, which we estimate would result in nearly $2.1 trillion in lost revenues through 2021. He also proposes permanently extending the 100 percent business expensing provision currently in place, which could reduce revenues by about $160 billion through 2021. And finally, Speaker Gingrich proposes to end taxes on corporate profits earned abroad through a "territorial system," which could reduce revenues by up to $50 billion through 2021, depending on the details.[9]

Gingrich: Spending Policies

Block-Grant and Cut Spending on 100+ Federal Means-Tested Programs[10] **-$2.4 trillion**

Speaker Gingrich has called for transforming a large number of means-tested programs into block grants to the states and then cutting their federal funding in half. Applying this change to the largest of these programs, Medicaid, would save $1.6 trillion through 2021. The more than 100 other programs under this proposal include food stamps, housing programs, child care services, Head Start, adoption programs, and the Supplemental Security Income program, to name a few.[11]

Reduce Improper Payments[12] -$160 billion / **-$10 billion** / -$10 billion

Speaker Gingrich supports efforts to reduce waste, fraud, and abuse of federal payments across many programs. Although the rate of improper payments is on a declining path, efforts that might accelerate that path could yield additional savings. Based on existing anti-fraud proposals, we assume it would be possible to save about $10 billion through 2021 in our intermediate-debt and high-debt scenarios. For Speaker Gingrich's low-debt scenario, we assume success in reducing improper payments nearly in half and credit about $160 billion in savings through 2021 – though this magnitude of savings would be difficult to achieve.[13]

Cut Education Spending[14] **-$550 billion**

Speaker Gingrich proposes to reduce the size and scope of the Department of Education down to research functions only, which would result in about $70 billion in annual spending cuts on primary, secondary, and post-secondary education, including Pell Grants and federal student loan administration.[15]

Privatize Fannie Mae and Freddie Mac[16] **-$20 billion**

Speaker Gingrich would privatize Fannie Mae and Freddie Mac, which could save the federal government about $20 billion in subsidy costs.[17]

Enact Long-Term Medicare Reform[18] **n/a**

Over the longer-term, Speaker Gingrich has called for allowing traditional Medicare to compete alongside private insurance plans that would be made available to seniors. If seniors choose to switch to a private plan, Medicare would provide premium support to help cover the costs for beneficiaries. In addition, Gingrich proposes to eventually allow individuals to divert some of their Medicare payroll tax into a retirement account designed to pay an annuity for the purpose of purchasing private health insurance. We assume neither of these policies would take effect within the 10-year window, and the long-term implications of these policies would depend heavily on the details.

Establish a Moon Base and Manned Mission to Mars +$140 billion **/ +$270 billion /** +$620 billion

Speaker Gingrich proposes a new series of space missions which would ultimately lead to the establishment of a lunar base and a manned mission to Mars by the end of his second term. Based on a combination of official and outside estimates, we estimate the lunar project would cost about $140 billion through 2021 in our intermediate-debt scenario. No basis exists to calculate the cost of a manned mission to Mars, with estimates ranging from $20 billion to $450 billion according to one press report. In our intermediate-debt scenario, we assume a manned mission to Mars would cost the same as the lunar base mission – though this assumption comes with an unusually high degree of uncertainty.[19]

Gingrich: Cross-Cutting Policies

Establish Private Accounts for Social Security[20] +$1.6 trillion / **+$1.6 trillion** / +$3.5 trillion

Speaker Gingrich would change Social Security by allowing workers to contribute a portion of their payroll tax into individually-owned retirement accounts used to finance retirement costs. Gingrich points to two models for this policy: a 2011 proposal from Congrsesman Thaddeus McCotter (R-MI) and a 2005 proposal from Congressman Paul Ryan (R-WI) and Senantor John Sununu (R-NH). Both pieces of legislation would result in substantial up-front costs from diverting payroll tax revenue into private accounts, though the Social Security's Chief Actuary concludes they would generate savings over the long-term – up to 1.4 percent of GDP annually by the end of the 75-year window. These estimates do not account for the potential additional cost which would come from the federal government guarantee of benefit levels in these plans, which could be significant. Under our low- and intermediate-debt scenarios, which are based on the McCotter proposal, we estimate $1.6 trillion in reduced revenues for this proposal through 2021. We calculate our high-debt scenario based on the Ryan-Sununu proposal and estimate $3.5 trillion in reduced revenues.[21]

Repeal the 2010 Health Care Law (PPACA)[22] **+$80 billion**

Speaker Gingrich proposes to repeal the 2010 health care legislation (the Patient Protection and Affordable Care Act, PPACA), which includes about $630 billion in increased net spending and $710 billion in increased net revenues through 2021. On the whole, repealing the PPACA legislation would add $80 billion to the debt, although the deficit impact will differ substantially from year to year. This estimate incorporates $20 billion of savings from lower discretionary implementation costs. Note that some of the campaigns have suggested repeal could reduce the deficit by over $500 billion; however these are based on the assumption that many of the PPACA deficit-reducing provisions will not be implemented and include the effect of not enacting future Doc Fixes assumed in the CRFB baseline.[23]

Replace PPACA with Other Health Reforms[24] -$40 billion / **-$15 billion** / +$80 billion

In order to replace health reform, Speaker Gingrich proposes a number of policies meant to expand coverage and reduce costs. On the cost side, Gingrich proposes enacting medical malpractice reform – which would save the government about $45 billion through 2021 – and allowing individuals to purchase insurance across state lines – which would generate about $20 billion in deficit reduction. On the coverage side, Gingrich proposes establishing high-risk pools, expanding health savings accounts, and allowing individuals to deduct – or else receive a tax credit for – the cost of their health insurance. The total cost of these proposals will depend on how generous the tax credit is and whether or not the revenue for this change comes from reforming the current tax treatment of health care.[25]

Expand Oil and Gas Development[26] -$50 billion / **- $15 billion** / -$15 billion

Speaker Gingrich supports a significant expansion of oil and gas development in the United States, and predicts substantial savings, based on a study by the Wood Mackenzie energy research and consulting company. When the Wood MacKenzie estimate is adjusted based on the relevant time period, and the share of state (as opposed to federal) revenue and secondary economic impacts are removed, we estimate savings of about $50 billion through 2021, the figure that we include in our low-debt scenario. However, a review of CBO studies to date suggests a much more modest level of savings –so we assume $15 billion in our intermediate scenario.[27]

Interest on the Debt +$350 billion / **+$900 billion** / +$1.2 trillion

Because Speaker Gingrich's proposals would increase federal debt under his low-, intermediate-, and high-debt scenarios, they would also all increase interest payments on the debt.

Congressman Ron Paul

Congressman Paul has proposed a detailed set of reductions in spending, tax cuts, and other changes to the size and scope of government. We estimate that, taken together, these proposals would reduce deficits by **$2.2 trillion**, resulting in 2021 debt levels at abou**t 76 percent of GDP** in our intermediate-debt scenario. Under our more optimistic "low-debt" scenario, we estimate Congressman Paul would reduce the debt by $4.3 trillion through 2021 and bring debt down to 67 percent of GDP – however a larger portion of this debt reduction is a result of Paul's policy to cancel all federal debt held by the Federal Reserve System. Finally, under our more pessimistic "high-debt" scenario, Paul's policies would increase debt by $1.9 trillion (up to 93 percent of GDP) through 2021.[28]

Figure 5: Federal Debt Held by the Public Under Ron Paul's Campaign Proposals as Percent of GDP

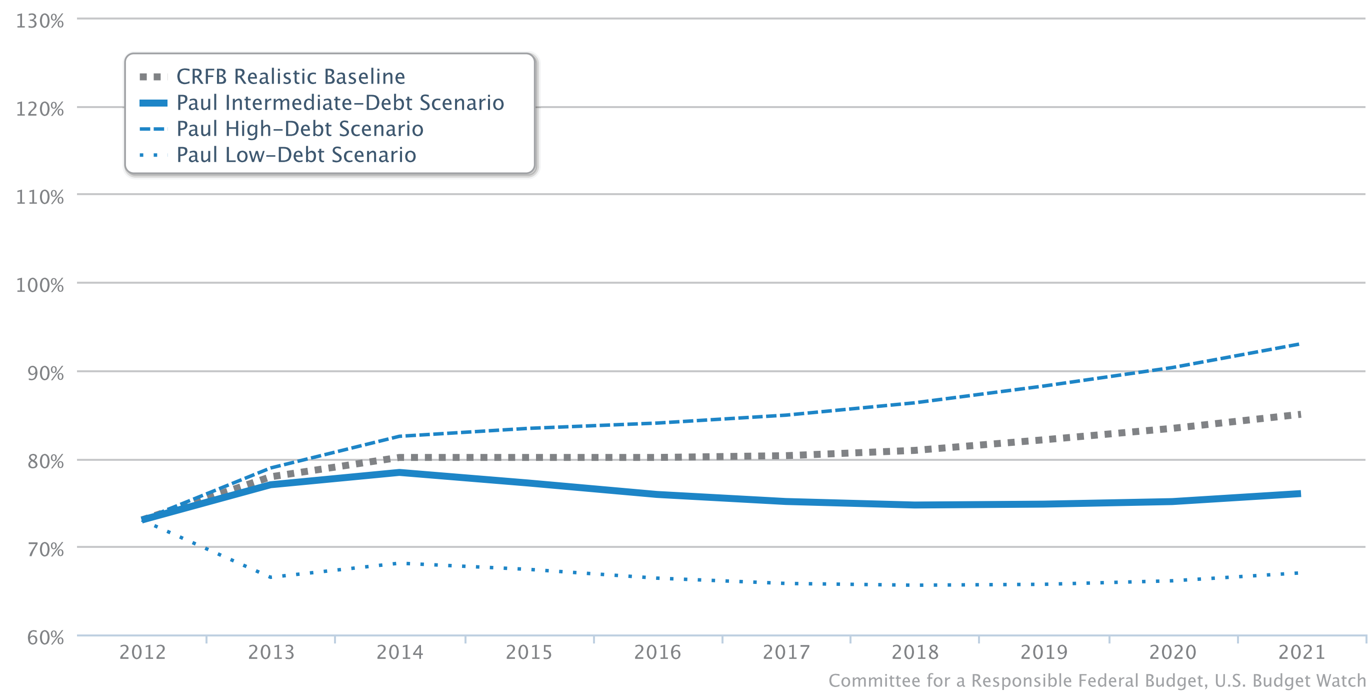


Table 10: Debt Impact of Ron Paul's Campaign Proposals in Billions of Dollars

	2013-2021		
	Low-Debt Scenario	Intermediate-Debt Scenario	High-Debt Scenario
Tax Policies	$5,150	**$5,200**	$5,250
Eliminate Certain Features of the Individual Income Tax	$2,500	**$2,500**	$2,500
Eliminate Estate and Gift Taxes	$260	**$260**	$260
Create or Expand Various Individual Credits and Deductions	$30	**$30**	$40
Reduce Corporate Taxes	$1,850	**$1,950**	$1,950
Make Permanent Various "Tax Extenders"	$510	**$510**	$510
Spending Policies	-$7,500	**-$7,500**	-$4,650
Transform Medicaid and Other Entitlements into Block Grants and Freeze their Growth	-$1,900	**-$1,900**	-$1,900
End Overseas Wars and Enact Other Defense Cuts	-$870	**-$870**	-$410
Reduce Federal Workforce Costs	-$200	**-$150**	-$150
Reduce Improper Payments	-$160	**-$10**	-$10
Reduce Other Non-Defense Spending	-$4,350*	**-$4,550**	-$2,150
Enact Long-Term Social Security and Medicare Reforms	n/a	**n/a**	n/a
Cross-Cutting Policies	-$1,300	**$390**	$1,000
Repeal the 2010 Health Care Legislation (PPACA)	$80	**$80**	$80
Enact Various Health Reform	$140	**$140**	$330
Privatize the FAA and the TSA	-$70	**-$70**	-$70
De-Federalize Highway Funding	-$130	**-$130**	$220
Sell Excess Federal Lands and Assets	-$60	**-$60**	$0
End the Federal Reserve System	-$1,250	**$430**	$430
Interest on the Debt	-$700	**-$300**	$260
Total Debt Impact	-$4,300	**-$2,200**	$1,850
Total Debt Impact (% of GDP)	-18%	**-9%**	8%
Debt as a Share of GDP in 2021	67%	**76%**	93%

Note: Totals may not add due to rounding. Positives/negative reflect increases/decreases in the debt. Numbers calculated off of CRFB's Realistic Baseline (see Box 1).
*Low-debt scenario saves less than intermediate-debt scenario due to interactions with savings in other categories.

Paul: Tax Policies

Eliminate Certain Features of the Individual Income Tax[29] **+$2.5 trillion**
While Congressman Paul opposes federal income taxes altogether, he would maintain the system until repeal of the 16th Amendment, which allows the federal government to collect income tax revenues. Meanwhile, Paul proposes eliminating certain elements of the current tax code, including all taxes on capital gains and dividends, the Alternative Minimum Tax, and taxes on Social Security benefits and tips income. Congressman Paul would also exempt the terminally ill and their caregivers from the payroll tax.[30]

Eliminate Estate and Gift Taxes[31] **+$260 billion**
Congressman Paul proposes to eliminate the estate tax, which currently taxes individual estate value in excess of $5.12 million at a rate of 35 percent. He would also eliminate all gift taxes. We estimate this would cost roughly $260 billion through 2021.[32]

Create or Expand Various Individual Credits and Deductions[33] +30 billion/ **+30 billion**/ +$40 billion
Congressman Paul proposes instituting or expanding certain tax benefits. Among them are a tax credit for home schooling expenses, an expansion of the deduction for miles driven for business expenses, and a tax credit for natural gas vehicles. Although Congressman Paul has provided few details for these policies, we estimate that stylized versions of these proposals could cost $30 to $40 billion and assume a $30 billion cost in our intermediate-debt scenario. These estimates are particularly uncertain.[34]

Reduce Corporate Taxes[35] **+$1.9 trillion**
Congressman Paul proposes a number of corporate tax cuts. Specifically, he would reduce the top corporate income tax rate from 35 percent to 15 percent, which we estimate would cost nearly $1.9 trillion through 2021. In addition, Paul calls for ending taxes on corporate profits earned abroad, which could reduce revenues by up to $60 billion through 2021, depending on the details. Finally, Paul endorses tax credits for the development of alternative fuels.[36]

Make Permanent Various "Tax Extenders"[37] **+$510 billion**
Each year, Congress extends a slew of roughly 80 temporary tax deductions, credits, and other preferences for individuals and businesses. Congressman Paul would make permanent these "tax extenders." Among the largest of these provisions includes an extension of expensing for capital equipment and the Research and Experimentation tax credit, though he would also extend the tax deductions for teachers with classroom expenses, the state and local sales tax deduction, various alternative energy credits, and other provisions.[38]

Paul: Spending Policies

Transform Medicaid and Other Entitlements into Block Grants Frozen at 2006 Levels[39] **-$1.9 trillion**
Congressman Paul proposes shifting several welfare programs from mandatory to discretionary spending, converting them into block grants to the states, reducing them to about their 2006 levels, and freezing their spending levels through 2016. Applying this change to the largest of these programs, Medicaid, would generate nearly $1.5 trillion of savings through 2021. In addition, Paul would block grant and freeze the Children's Health Insurance Program, Food Stamps, and various child nutrition programs. Paul also calls for freezing various family support programs, although we are unable to identify which programs.[40]

End Overseas Wars and Enact Other Defense Cuts[41] -$870 billion / **-$870 billion** / -$410 billion
Congressman Paul would immediately end overseas military operations in Iraq and Afghanistan, saving

an estimated $400 billion through 2021 relative to a gradual drawdown scenario. In addition, Paul proposes specific defense spending levels of an average of 9 percent lower than the levels projected this decade under the 2011 Budget Control Act discretionary caps. Through 2021, about $15 billion of those additional cuts would come from Congressman Paul's policy to close overseas bases. Because the remaining $460 billion in defense cuts are unspecified, we do not include them in Paul's high-debt scenario.[42]

Reduce Federal Workforce Costs[43] -$200 billion / **-$150 billion** / -$150 billion

Congressman Paul proposes cutting the federal workforce by 10 percent, freezing compensation for remaining federal employees, cutting federal travel budgets, and reducing contracting costs by banning union projects. In addition, Paul would repeal the Davis-Bacon Act, which requires that federal contractors pay their workers the locally prevailing union wages for similar work.[44]

Reduce Improper Payments[45] -$160 billion / **-$10 billion** / -$10 billion

Congressman Paul has called for a renewed effort to reduce waste, fraud, and abuse of payments by the federal government. Although the rate of improper payments is on a declining path, efforts that might accelerate that path could yield additional savings. Based on existing anti-fraud proposals, we assume it would be possible to save about $10 billion through 2021 in our intermediate-debt and high-debt scenarios. For the low-debt scenario, we credit savings of $160 billion through 2021 from assuming success in reducing improper payments nearly in half.[46]

Reduce Other Non-Defense Spending[47] -$4.3 trillion / **-$4.5 trillion** / -$2.1 trillion

Congressman Paul lays out a budget with substantial reductions to non-defense spending. Congressman Paul specifically eliminates five federal departments – the Departments of Commerce, Education, Energy, Housing and Urban Development, and Interior. He also calls for substantial reductions in other areas, including the elimination of most State Department programs (including UN funding) and reductions in funding for the Centers for Disease Control, the National Institutes of Health, and other Department of Health and Human Services programs, among others. In addition to these specific cuts, Congressman Paul's budget includes about $260 billion of unspecified cuts each year. In some cases, these savings are identified only at the very broad department level; in other cases, spending for a department is excluded from the Congressman's budget altogether. We include these savings in Paul's intermediate- and low-debt scenarios, but not in his high-debt scenario since he does not specifically indicate where these cuts would fall.[48]

Enact Long-Term Social Security and Medicare Reforms **n/a**

Congressman Paul would not make changes to Social Security and Medicare in the near-term; however, according to his campaign, he believes we should transition away from the current entitlement system in a way that ensures current beneficiaries are protected. Once his short-term spending reforms have been enacted, according to the campaign, Congressman Paul would support Medicare reforms similar to those of Congressman Paul Ryan (R-WI). Congressman Ryan's plan would move Medicare to a "premium support" system where seniors receive a fixed subsidy to purchase private insurance in a competitive market. Congressman Paul would also allow young people to opt-out of Social Security and Medicare. Absent more detail, and based on information available, we assume these changes would take effect beyond 2021 at which point their fiscal consequences would depend greatly on the details.

Paul: Cross-Cutting Policies

Repeal the 2010 Health Care Law (PPACA)[49] **+$80 billion**

Congressman Paul proposes to repeal the 2010 health care legislation (the Patient Protection and Affordable

Care Act, PPACA), which includes about $630 billion in increased spending and $710 billion in increased revenues through 2021. On the whole, repealing the PPACA legislation would add $80 billion to the debt, although the deficit impact will differ substantially from year to year. This estimate incorporates $20 billion of savings from lower discretionary implementation costs. Note that some of the campaigns have suggested repeal could reduce the deficit by over $500 billion; however these are based on the assumption that many of the PPACA deficit-reducing provisions will not be implemented and include the effect of not enacting future Doc Fixes assumed in the CRFB baseline.[50]

Enact Various Health Reforms[51] +$140 billion / **+$140 billion** / +$330 billion

Congressman Paul proposes several policies to reduce health costs and subsidize private health care spending. On the cost-reduction side, Congressman Paul proposes enacting medical malpractice reform – for about $45 billion in savings – and allowing the purchase of health insurance across state lines for another $20 billion of deficit reduction through 2021. At the same time, Congressman Paul proposes "tax credits and deductions for all medical expenses" and a tax credit for "negative outcomes" insurance in advance of risky medical procedures. Because these proposals have not been scored before and include few details, there is little basis with which to estimate their effects. In very rough terms, however, these policies could reduce revenues $140 billion to $330 billion through 2021, and our intermediate-debt scenario assumes $140 billion in reduced revenues.[52]

Privatize the FAA and the TSA[53] **-$70 billion**

Congressman Paul has called for privatizing both the Federal Aviation Administration (FAA) and the Transportation Security Administration (TSA), along with their dedicated revenue streams. Together, these programs cost $200 billion through 2021. However, FAA revenue would also raise about $140 billion over that period (TSA does not have similar offsetting revenues). By transferring both functions and any fees to private ownership, Congressman Paul would therefore reduce deficits by about $70 billion through 2021.[54]

De-Federalize Highway Funding[55] -$130 billion / **-$130 billion** / +$220 billion

Congressman Paul's proposals offer somewhat conflicting positions on federal highway funding. While his budget tables indicate federal highway funding at about 15 percent less than current levels, "to be funded at gas tax revenue," Paul's "Economy" proposals advocate eliminating federal highway fuel taxes. Currently, the federal government spends about $42 billion per year on highways while collecting about $33 billion in fuel taxes, so eliminating both would decrease deficits by about $130 billion through 2021. On the other hand, if Congressman Paul maintained his specified highways spending even with no fuel tax revenues, this would add $220 billion to the debt. In our intermediate-debt scenario, we assume this policy would save about $130 billion.[56]

Sell Excess Federal Lands and Assets[57] -$60 billion / **-$60 billion** / $0

Congressman Paul proposes selling $21 billion of "federal assets" and $40 billion of "federal lands," although he does not specify which ones. Therefore, we include $60 billion as deficit reduction in Paul's intermediate-debt scenario, while we exclude these revenues from his high-debt scenario.[58]

End the Federal Reserve System[59] -$1.2 trillion / **+$430 billion** / +$430 billion

Congressman Paul has two distinct proposals regarding the Federal Reserve System (the Fed). The first is to eliminate it, which we score on a static basis only. Because the Fed's operations generate annual surpluses that are paid to the U.S. Treasury, shutting down the Fed would end those payments, for a revenues decrease of about $430 billion through 2021. Congressman Paul further proposes that Congress instruct "the Secretary of the Treasury to cancel all federal public debt obligations held by the Federal Reserve System." The Fed currently holds more than $1.6 trillion in U.S. Treasury securities, which it paid for by increasing reserves requirements for the 21 primary dealer banks that buy and sell U.S. Treasuries for the Fed. Because those reserves are legal assets owned by private banks on the one hand, and liabilities of the Fed on the other, cancelling that debt would lead to a default by the Fed on those balances. Because the Fed exists and operates at the will of the Congress, and because Congressman Paul does not specify how Congress should respond to a reserves default, we treat this as an incomplete proposal and include the corresponding debt reduction only in Paul's low-debt scenario. In our intermediate-debt scenario, we estimate $430 billion in reduced revenues through 2021.[60]

Interest on the Debt -$700 billion / **-$300 billion** / +$260 billion

Because Congressman Paul's proposals would decrease federal debt under his low- and intermediate-debt scenarios, they would also decrease interest payments on the debt. Because Congressman Paul's high-debt scenario would increase federal debt, it would increase interest payments on the debt.

Governor Mitt Romney

Governor Romney has proposed a detailed set of policy reforms that would decrease both spending as well as taxes. In total, we estimate the sum of his proposals would increase deficits by **$250 billion** through 2021 under our intermediate projections, resulting in 2021 debt levels at about **86 percent of GDP**. Under our more optimistic "low-debt" scenario, Governor Romney's policies would reduce deficits by $2.2 trillion (bringing debt to 75 percent of GDP); and under our more pessimistic "high-debt" scenario they would increase deficits by $2.2 trillion (bringing debt to 94 percent of GDP).[61]

Figure 6: Federal Debt Held by the Public Under Mitt Romney's Campaign Proposals as Percent of GDP

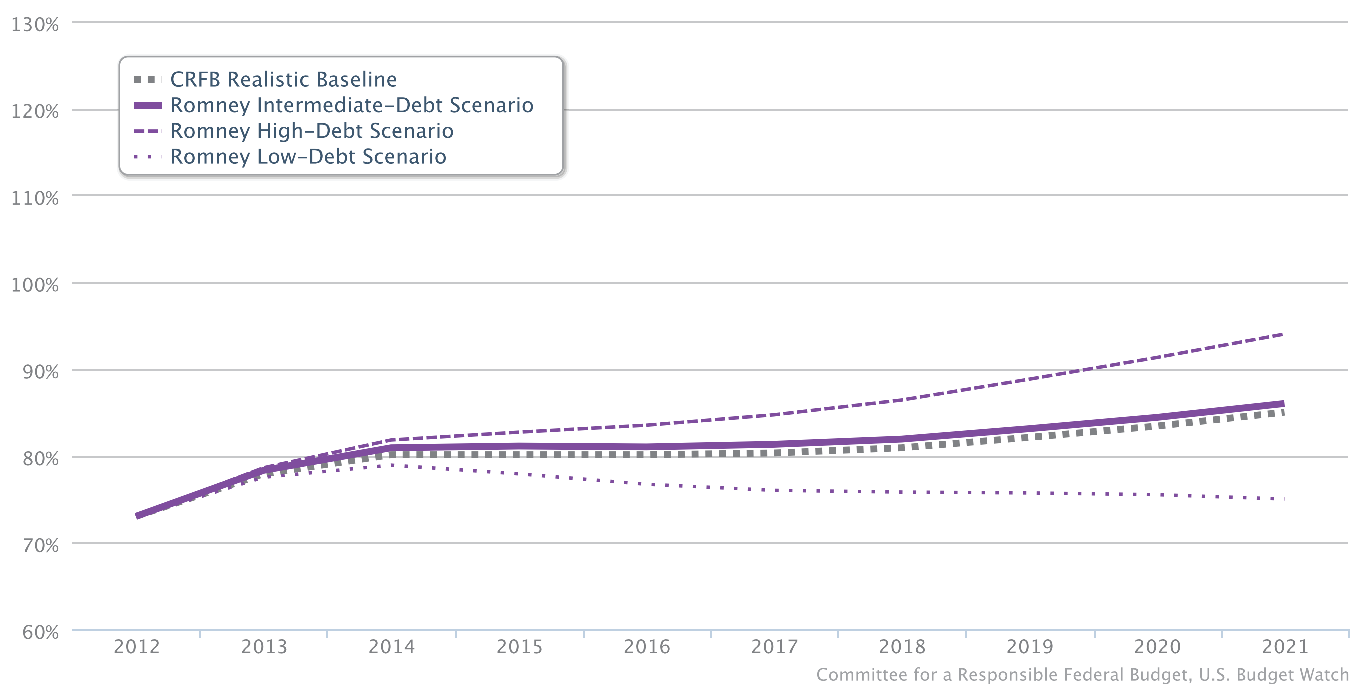


Table 11: Debt Impact of Mitt Romney's Campaign Proposals in Billions of Dollars

	2013-2021		
	Low-Debt Scenario	Intermediate-Debt Scenario	High-Debt Scenario
Tax Policies	$1,250	**$1,350**	$1,350
Eliminate Taxes on Capital Gains, Dividends, and Interest for Families Earning Below $200,000	$160	**$160**	$160
Eliminate Estate Taxes	$170	**$170**	$170
Reduce Corporate Taxes	$940	**$1,000**	$1,000
Spending Policies	-$3,250	**-$1,200**	$480
Transform Medicaid into Block Grants to the States and Cap its Growth	-$510	**-$510**	-$510
Reduce Federal Workforce Costs	-$620	**-$530**	-$530
Reduce Improper Payments	-$160	**-$10**	-$10
Reduce Domestic Discretionary Spending	-$180	**-$180**	-$20
Enact a Budget-Neutral Defense Spending Floor	$0	**$0**	$1,550
Enact Long-Term Social Security Reform	n/a	**n/a**	n/a
Enact Long-Term Medicare Reform	n/a	**n/a**	n/a
Cap Federal Spending at 20 Percent of GDP	-$1,800	**$0**	$0
Cross-Cutting Policies	$30	**$70**	$70
Repeal the 2010 Health Care Law (PPACA)	$80	**$80**	$80
Enact Various Health Reforms	$0	**$0**	$0
Expand Oil and Gas Development	-$50	**-$15**	-$15
Interest on the Debt	-$270	**$40**	$270
Total Debt Impact	**-$2,250**	**$250**	**$2,150**
Total Debt Impact (% of GDP)	**-9%**	**1%**	**9%**
Debt as a Share of GDP in 2021	**75%**	**86%**	**94%**

Note: Totals may not add due to rounding. Positives/negative reflect increases/decreases in the debt. Numbers calculated off of CRFB's Realistic Baseline (see Box 1).

Romney: Tax Policies

Eliminate Taxes on Capital Gains, Dividends, and Interest for Families Earning Below $200,000[62] **+$160 billion**

Currently, long-term capital gains and qualified dividends are generally taxed at a preferential rate of 15 percent – though those at or below the 15 percent bracket for ordinary income pay a 0 percent rate. Governor Romney would extend this 0 percent bracket to families making under $200,000 per year and individuals making under $100,000 and expand this treatment to short-term capital gains, non-qualified dividends, and interest – all of which are currently taxed as ordinary income.[63]

Eliminate Estate Taxes[64] **+$170 billion**

Governor Romney proposes to eliminate the estate tax, which currently taxes individual estate value in excess of $5.12 million at a rate of 35 percent. We estimate this would cost roughly $170 billion through 2021.[65]

Reduce Corporate Taxes[66] +$940 billion / **+$1.0 trillion** / +$1.0 trillion

Governor Romney proposes three major changes to the corporate tax code. First, he would reduce the top corporate tax rate from 35 percent to 25 percent, which we estimate would cost more than $900 billion through 2021. In addition, Governor Romney proposes to reform and reduce taxes on corporate profits earned abroad by moving to a "territorial system," which could reduce revenues by up to $80 billion through 2021, depending on the details. Finally, Romney would consider further rate reduction in exchange for corporate base broadening, or reducing credits, deductions, and exclusions for companies in the tax code. Such a reform could result in substantially lower marginal rates without having further impact on the deficit since it would be revenue-neutral.[67]

Romney: Spending Policies

Transform Medicaid into Block Grants to the States and Cap Its Growth[68] **-$510 billion**

Medicaid is a state-run health care program funded in part by federal matches on state spending, averaging nearly 60 percent of total costs.[69] Governor Romney would replace this system with fixed-dollar block grants to the states, and would limit the annual growth of these grants to one percent above the rate of inflation. This would reap substantial federal savings over time – reaching $120 billion in 2021 (in addition to the Medicaid savings from repealing the 2010 health reform law) – since Medicaid currently grows at roughly three times the rate of inflation.[70]

Reduce Federal Workforce Costs[71] -$620 billion / **-$530 billion** / -$530 billion

Governor Romney proposes substantial changes to reduce the cost of the federal workforce. First, he would reduce the size of the workforce through a "1 for 2" attrition system, hiring one new person for every two that leave the federal workforce. In addition, he would substantially reduce total compensation for federal workers to save $47 billion per year (equivalent to about 20 percent of the total). And finally, to reduce federal contracting costs he proposes repealing the Davis-Bacon Act, which requires that federal contractors pay their workers the locally prevailing union wages for like work. In our intermediate-debt scenario, we estimate that these workforce reforms would save $530 billion through 2021.[72]

Reduce Improper Payments[73] -$160 billion / **-$10 billion** / -$10 billion

Governor Romney has called for a renewed effort to reduce waste, fraud, and abuse "through stricter enforcement and harsher penalties" – setting the goal of reducing improper payments in half from their current levels. Although the rate of improper payments is on a declining path, efforts that might accelerate that path could yield additional savings. Based on existing anti-fraud proposals, we assume it would be possible to save about $10 billion through 2021 in the intermediate and high-debt scenarios. For Governor Romney's low-debt scenario, we assume success in reducing improper payments nearly in half and credit about $160 billion in savings through 2021 – though this magnitude of savings would be difficult to achieve.[74]

Reduce Domestic Discretionary Spending[75] -$180 billion / **-$180 billion** / -$20 billion

Governor Romney would immediately reduce non-security discretionary spending across-the-board by 5 percent, leading to about $15 billion in savings in 2014 alone. We assume that this reduction is compared to the current discretionary caps and that the savings will be in addition to other identified savings. Governor Romney also proposes a small number of specific cuts. In particular, he would eliminate federal Amtrak funding and Title X family planning while reducing federal spending on the National Endowments for the Arts and the Humanities, the Corporation for Public Broadcasting, legal services, and foreign aid. Additionally, Governor Romney has suggested that he would adopt the non-security spending levels in the House Republican budget and reverse the spending cuts which have occurred on the defense side. We estimate the net effect of these changes would roughly equal the 5 percent cut described above plus the specific discretionary cuts (mainly to the federal workforce) described elsewhere and therefore we do not estimate any additional effect. Due to lack of specifics, we do not credit savings from the 5 percent reduction in our high-debt scenario.[76]

Enact a Budget-Neutral Defense Spending Floor [77] $0 / **$0** / +$1.5 trillion

Governor Romney proposes to put in place a defense spending floor at 4 percent of GDP per year, which is more than we forecast in our realistic baseline. Assuming defense spending grows proportionally with the spending caps from the 2011 Budget Control Act, (excluding further cuts from the $1.2 trillion sequester), we project base (non-war) defense spending to be lower than 4 percent of GDP in every year – by well over 1 percent of GDP by the end of the decade. We assume Romney's floor would apply to budget authority, which would result in $1.5 trillion in higher spending through 2021. These numbers would be lower relative to a baseline which reversed the defense cuts which have already taken place. The Romney campaign has stated its commitment to finance these costs through further non-defense savings, so we assume in the low- and intermediate-debt scenarios that the costs would be fully offset. Because the $1.5 trillion in additional non-defense cuts are unspecified, we do not include them in our high-debt scenario.[78]

Enact Long-Term Social Security Reforms[79] **n/a**

Governor Romney calls for putting Social Security on a "sustainable trajectory" without modifying benefits for those in or near retirement and without increasing taxes. In particular, Governor Romney proposes indexing the retirement age to life expectancy and slowing the growth of benefits for high-income individuals. Assuming the retirement age is indexed to maintain a constant ratio of working years to years in retirement, we estimate a proposal such as this could fully eliminate Social Security's funding gap over 75 years as well as in the 75th year – what is referred to as "sustainable solvency" – by limiting the growth of benefits for the wealthiest beneficiaries to the rate of inflation, allowing benefits for those in the bottom income quintile to grow with wages (as under current law), and allowing a hybrid growth rate for those in between. Because individuals near retirement are not affected, we assume no savings through 2021. Long term savings would be more significant and would likely be sufficient to close the 1.5 percent of GDP gap between Social Security revenues and spending in 2085.[80]

Enact Long-Term Medicare Reforms[81] **n/a**

Governor Romney calls for reforming Medicare without changing the program for those at or near retirement, and without increasing taxes. In particular, he calls for increasing the Medicare eligibility age (currently 65) and for transforming Medicare into a premium support system for younger workers. Under this system, beneficiaries would be able to choose between traditional Medicare and regulated private insurance plans, with a fixed government subsidy that varies based on income. Actual savings from this plan will depend on details that have not yet been worked out. However, because Governor Romney exempts those at or near retirement, there are unlikely to be savings before 2021.

Cap Federal Spending at 20 Percent of GDP[82] -$1.8 trillion / **$0** / $0

Governor Romney proposes reducing federal spending to a cap of 20 percent of GDP by 2016, in a manner similar to the Cut, Cap and Balance Act put forward by congressional Republicans in 2011. We estimate that reaching this target would require about $1.8 trillion of non-interest cuts, on top of the Governor's other proposals. Because Governor Romney does not indicate how he would achieve these cuts, we include them in our low-debt scenario only.

Romney: Cross-Cutting Policies

Repeal the 2010 Health Care Law (PPACA)[83] **+$80 billion**

Governor Romney proposes to repeal the 2010 health care legislation (the Patient Protection and Affordable Care Act, PPACA), which includes about $630 billion in increased spending and $710 billion in increased revenues through 2021. On the whole, repealing PPACA would add $80 billion to the debt, although the deficit impact will differ substantially from year to year. This estimate incorporates $20 billion of savings from lower discretionary implementation costs. Note that some of the campaigns have suggested repeal could reduce the deficit by over $500 billion; however these are based on the assumption that many of the PPACA deficit-reducing provisions will not be implemented and include the effect of not enacting future Doc Fixes assumed in the CRFB baseline.[84]

Enact Various Health Reforms[85] **$0**

Governor Romney proposes a number of health reforms to reduce costs and improve coverage. On the cost side, he proposes enacting medical malpractice reform and allowing the purchase of health insurance across state lines. Malpractice reform would save about $45 billion through 2021, and allowing health insurance purchases across state lines would result in about $20 billion of new revenue from lower insurance costs. On the coverage side, Governor Romney would offer a tax deduction to those who purchase their own health insurance to parallel the tax treatment of employer-provided plans, which we estimate would cost about $65 billion.[86]

Expand Oil and Gas Development[87] -$50 billion / **-$15 billion** / -$15 billion

Governor Romney supports substantial expansion of oil and gas development in the United States. He argues that his proposals could "generate hundreds of billions of dollars in revenue from drilling leases and royalties," which is consistent with estimates from a study by the Wood Mackenzie energy research and consulting company. When this estimate is adjusted based on the relevant time period, and the share of state (as opposed to federal) revenue and secondary economic impacts are removed, we estimate savings closer to $50 billion through 2021, the figure that we include in our low-debt scenario. However, a review of CBO studies to date suggests a much more modest level of savings, so we assume $15 billion in our intermediate scenario.[88]

Interest on the Debt -$270 billion / **+$40 billion** / +$270 billion

Because Governor Romney's proposals would increase federal debt under his intermediate- and high-debt scenarios, they would also increase payments on the debt. Because Governor Romney's low-debt scenario would decrease federal debt, it would decrease interest payments on the debt.

Senator Rick Santorum

Senator Santorum has proposed a detailed set of policy reforms that would decrease taxes and spending. In total, we estimate the sum of his proposals would increase deficits by **$4.5 trillion** through 2021 under our intermediate-debt projections, resulting in 2021 debt levels at about **104 percent of GDP**. Under our more optimistic "low-debt" scenario, Senator Santorum's policies would *reduce* deficits by $2.6 trillion (bringing debt to 74 percent of GDP); and under our more pessimistic "high-debt" scenario they would increase deficits by $5.3 trillion (bringing debt to 107 percent of GDP).[89]

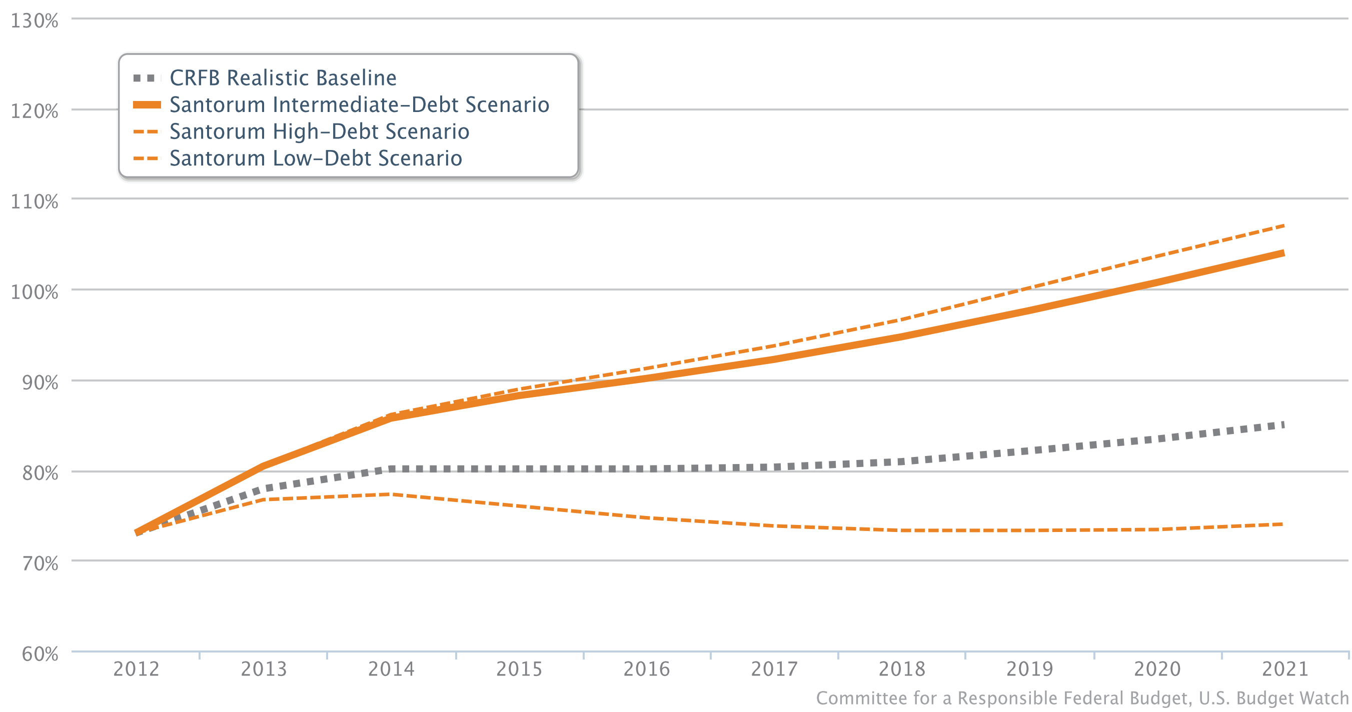


Table 12: Debt Impact of Rick Santorum's Campaign Proposals in Billions of Dollars

	2013-2021		
	Low-Debt Scenario	Intermediate-Debt Scenario	High-Debt Scenario
Tax Policies	$6,050	**$6,050**	$6,150
Reduce and Reform Individual Income Taxes	$3,550	**$3,550**	$3,550
Eliminate Estate Taxes	$170	**$170**	$170
Reduce Corporate Taxes	$ 2,300	**$ 2,300**	$ 2,450
Spending Policies	-$8,300	**-$2,250**	-$1,750
Shift Medicare to a Premium-Support System	-$690	**-$460**	-$460
Reduce and Reform Social Security Benefits	-$200	**-$80**	-$5
Transform Various Social Programs into Block Grants to the States and Cap Their Growth	-$1,000	**-$950**	-$950
Freeze Defense Spending for Five Years	-$260	**-$260**	$0
Reduce Certain Domestic Spending	-$250	**-$220**	-$170
Cut Non-Defense Discretionary Spending to 2008 Levels	-$120	**-$120**	$0
Reduce Federal Workforce Costs	-$150	**-$140**	-$140
Reduce Improper Payments	-$160	-$10	-$10
Cut $5 Trillion of Federal Spending Within 5 Years	-$5,450	$0	$0
Cross-Cutting Policies	$10	**$70**	$140
Repeal the 2010 Health Care Law	$80	**$80**	$80
Replace PPACA with Other Health Reform	-$60	**$5**	$70
Expand Oil and Gas Development	-$15	**-$15**	-$15
Sell Some Federal Property	-$5	**-$5**	$0
Interest on the Debt	-$360	**$640**	$740
Total Debt Impact	**-$2,650**	**$4,500**	**$5,300**
Total Change in Debt by 2021 (% GDP)	**-11%**	**19%**	**23%**
Debt as a Share of GDP in 2021	**74%**	**104%**	**107%**

Note: Totals may not add due to rounding. Positives/negative reflect increases/decreases in the debt. Numbers calculated off of CRFB's Realistic Baseline (see Box 1).

Santorum: Tax Policies

Reduce and Reform Individual Income Taxes[90] **+$3.6 trillion**

Senator Santorum calls for a number of individual tax reductions. Specifically, he would reduce tax rates on long-term capital gains and qualified dividends from 15 percent to 12 percent and replace the current income tax rates of 10, 15, 25, 28, 33, and 35 with two rates of 10 and 28 percent. He would also triple the exemption for dependent children (which is $3,800 today), eliminate the AMT, and eliminate all marriage penalties. According to the Santorum campaign, these reductions would come with substantial base broadening, including the elimination of most tax expenditures not related to charitable giving, mortgage interest, health care, retirement savings, and children. Roughly adjusting Tax Policy Center estimates of the revenue-reducing policies to account for the elimination of all tax expenditures in the code not mentioned by the candidate or campaign, along with potential microdynamic estimates, we estimate these changes would reduce revenues by about $3.6 trillion through 2021.[91]

Eliminate Estate Taxes[92] **+$170 billion**

Senator Santorum proposes to eliminate the estate tax, which currently taxes individual estate value in excess of $5.12 million at a rate of 35 percent. We estimate this would cost roughly $170 billion through 2021.[93]

Reduce Corporate Taxes[94] +$2.3 trillion / **+$2.3 trillion /** +$2.4 trilion

Senator Santorum proposes a number of corporate tax changes. First, he would cut the top corporate tax rate in half from 35 percent to 17.5 percent for non-manufacturers, while eliminating it altogether for manufacturers. In addition, Santorum proposes to extend Research and Experimentation tax credit, and to increase the credits from 14 percent to 20 percent, while also allowing businesses to write off the cost of equipment investments immediately under full expensing. Taken together, we estimate these changes would cost about $2.5 trillion through 2021. According to the Santorum campaign, these changes would be accompanied by base broadening to eliminate most corporate tax expenditures not related to depreciation or expensing. After adjusting for lower corporate rates and the 0 rate on manufacturers, we estimate such base broadening would likely generate less than $200 billion through 2021. In our high-debt scenario, we assume only the elimination of energy-related tax expenditures since only these have been specifically identified for elimination.[95]

Santorum: Spending Policies

Shift Medicare to a Premium-Support System[96] -$690 billion / **-$460 billion** / -$460 billion

Senator Santorum proposes to "implement Medicare reforms and innovation proposed by Congressman Paul Ryan and speed up their implementation." Congressman Ryan's plan from the 2011 House Budget Resolution would convert Medicare into a fixed subsidy for the purchase of private insurance – commonly known as premium support – for those who turn 65 in 2022 or later. Under that plan, individual subsidies would generally grow at the rate of inflation, though they would be adjusted for changes in the composition of the Medicare population and would vary based on age, income, and risk. This model would result in substantial savings over time, since Medicare costs are projected to grow far faster than inflation. Senator Santorum does not specify in what year he would begin his premium support program, though the campaign has suggested that it might be possible to begin in 2016 or even sooner. Based on conversations with the campaign, we also assume that current Medicare beneficiaries would be able to choose between traditional Medicare and private insurers, but their premium subsidy would be set based on a competitive bidding process as opposed to capped at inflation growth. If these changes were implemented in 2014, we estimate it would reduce Medicare spending by about $690 billion through 2021; if it began in 2016, we estimate $460 billion in savings. These estimates are somewhat rough and actual savings would depend on a variety of details.[97]

Reduce and Reform Social Security Benefits[98] -$200 billion / **-$80 billion** / -$5 billion

Senator Santorum proposes to "reform Social Security and place [it] on a sustainable path by a combination of reforms such as … dependent benefits and disability income benefits reforms, moving back the retirement age for younger workers, means testing benefits, [and] annual adjustments as needed." The range of possible spending reductions is wide, depending on the parameters followed. On the question of means-testing benefits and reforming dependent and disability benefits, we look at a range of existing proposals for progressively reducing the benefits of new beneficiaries and place them into our scenarios based on how aggressive they are. We assume no savings from increasing the retirement age, as it is unlikely this policy would be put into effect before 2021. In our intermediate-debt scenario, we estimate a total of about $80 billion in savings from Santorum's Social Security proposals. Long term savings would be more significant and – depending on the details – would likely be sufficient to achieve "sustainable solvency," meaning they would close the 1.5 percent of GDP gap between Social Security revenues and spending in 2085.[99]

Transform Various Social Programs into Block Grants to the States and Cap Their Growth[100] -$1.0 trillion / **-$950 billion** / -$950 billion

Senator Santorum proposes to block grant social programs and freeze their spending levels for at least five years. Santorum defines social programs as those "such as Medicaid, Housing, Education, Job Training, and Food Stamps," though does not offer more detail. Applied to the entire projected budgets for food stamps, Medicaid, job training, and the Departments of Education and of Housing and Urban Development, and then allowing spending on these programs to grow at currently projected rates in the Budget Control Act, Santorum's proposal would reduce spending by about $950 billion through 2021. If applied to all federal means-tested programs, savings could increase to $1.0 trillion.[101]

Freeze Defense Spending for Five Years[102] -$260 billion / **-$260 billion** / $0

Senator Santorum proposes a five year freeze in defense spending. If non-war defense spending were frozen at 2013 levels through fiscal year 2018, and then allowed to grow at currently-projected rates, this would result in about $260 billion in savings through 2021, which we include in our low-debt and intermediate-debt scenarios. Since Senator Santorum has not specified where these savings would come from, however, we do not include them in his high-debt scenario.[103]

Reduce Certain Domestic Spending[104] -$250 billion / **-$220 billion** / -$170 billion

Senator Santorum identifies a number of programs to eliminate or to reduce in scope. He would rescind remaining spending from the 2009 stimulus legislation (ARRA), which would save about $50 billion. He would eliminate "most agriculture subsidies," which could save anywhere from $60 billion to $120 billion through 2021, depending on how much were reduced. He would also eliminate all energy subsidies, which we estimate would save $30 billion on the spending side through 2021. In addition, Santorum would phase out Fannie Mae and Freddie Mac within five years, which could save another $20 billion. He would also cut spending in half for the United Nations and for employees at USAID. Finally, Santorum would eliminate Planned Parenthood funding and transfer half of that spending to adoption programs.[105]

Cut Non-Defense Discretionary Spending to 2008 Levels[106] -$120 billion / **-$120 billion** / $0

Senator Santorum would reduce non-defense discretionary spending to 2008 levels. Although non-security spending (which excludes some non-defense spending such as homeland security) has been reduced to 2008 levels under the spending cap in the Budget Control Act (BCA), non-defense spending will remain somewhat above 2008 levels. We assume that Senator Santorum would reduce 2013 non-defense funding levels to 2008 nominal levels and that spending after that would grow in line with the BCA caps, saving about $120 billion in our low-debt and intermediate-debt scenarios. Due to the lack of specifics, however, we do not include these cuts in our high-debt scenario.[107]

Reduce Federal Workforce Costs[108] - $150 billion / **-$140 billion** / -$140 billion

Senator Santorum proposes cutting the federal workforce by 10 percent and freezing federal pay for non-defense employees for four years, which we estimate would save about $140 billion through 2021. In addition, Santorum proposes phasing out the federal employees' defined-benefit system for new workers. From a fiscal perspective, this would result in a small amount of lost revenue up front (about $15 billion through 2021) since new federal workers would no longer be contributing 3.1 percent of their salaries to finance their pension costs. Over the long-term, however, this policy would result in substantial savings; for example, in 2022 alone the government is expected to spend over $90 billion – about 0.4 percent of GDP – on retiree pensions.[109]

Reduce Improper Payments[110] -$160 billion / **-$10 billion** / -$10 billion

Senator Santorum has called for a renewed effort to reduce waste, fraud, and abuse of payments by the federal government across many programs, especially Medicare and Medicaid. Although the rate of improper payments is now on a declining path, efforts that might accelerate that path could yield additional savings. Based on existing anti-fraud proposals, we assume it would be possible to save about $10 billion through 2021 in our intermediate-debt and high-debt scenarios. For Santorum's low-debt scenario, we assume success in reducing improper payments nearly in half and credit about $160 billion in savings through 2021 – though this magnitude would be difficult to achieve.[111]

Cut $5 Trillion of Federal Spending Over Five Years[112] -$5.5 trillion / **$0** / $0

Senator Santorum proposes to "commit to cut $5 trillion in federal spending within five years." When we extrapolate these numbers out through 2021 and adjust them for Senator Santorum's specified spending cuts, we estimate the fulfillment of this commission would save an additional $5.5 trillion in non-interest spending. Because Senator Santorum does not indicate how he would achieve these cuts, we include them in our low-debt scenario only.

Santorum: Cross-Cutting Policies

Repeal the 2010 Health Care Law (PPACA)[113] **+$80 billion**

Senator Santorum proposes to repeal the 2010 health care legislation (the Patient Protection and Affordable Care Act, PPACA), which includes about $630 billion in increased spending and $710 billion in increased revenues through 2021. On the whole, repealing the PPACA legislation would add $80 billion to the debt although the deficit impact will differ substantially from year to year. This estimate incorporates $20 billion of savings from lower discretionary implementation costs. Note that some of the campaigns have suggested repeal could reduce the deficit by over $500 billion; however these are based on the assumption that many of the PPACA deficit-reducing provisions will not be implemented and include the effect of not enacting future Doc Fixes assumed in the CRFB baseline.[114]

Replace PPACA with Other Health Reforms[115] -$60 billion / **+$5 billion** / +$70 billion

In order to replace health reform, Senator Santorum proposes a number of policies meant to expand coverage and reduce costs. In particular, he calls for strengthening Health Savings Accounts and allowing individuals to purchase health insurance with pre-tax dollars, "including a refundable tax-credit." Depending on the details, these policies could cost anywhere from $10 billion to $140 billion through 2021. To reduce costs, Senator Santorum proposes enacting medical malpractice reform – for about $45 billion in savings – and allowing the purchase of health insurance across state lines for another $20 billion of deficit reduction through 2021. Cumulatively, we estimate in our intermediate-debt scenario that these policies could increase the debt by about $10 billion through 2021.[116]

Expand Oil and Gas Development[117] **-$15 billion**

Senator Santorum supports substantial expansion of oil and gas development in the United States, and he states that this will increase federal revenues. Based on studies and recent oil-price forecasts by the CBO, we estimate that this proposal could raise up to $15 billion through 2021.[118]

Sell Some Federal Property[119] -$5 billion / **-$5 billion** / $0

Senator Santorum proposes to "sell unproductive and wasteful federal properties." Absent further details, we assume the $4 billion of savings estimated by President Obama for a similar policy. Because blanket proposals to sell property are generally unlikely to raise revenue, we assume no savings in our high-debt scenario.[120]

Interest on the Debt -$360 billion / **+$640 billion** / +$740 billion

Because Senator Santorum's proposals would increase federal debt under his intermediate- and high-debt scenarios, they would also increase payments on the debt. Because Senator Santorum's low-debt scenario would decrease federal debt, it would decrease interest payments on the debt.

Endnotes

[1] Based on various platform proposals, policy papers, and speeches found on the candidate's website, www.newt.org.
[2] Legislative Proposals: Return to Robust Job Growth, http://www.newt.org/contract/legislative-proposals.
[3] Current-law revenues projections in the "Tax Revenues" spreadsheet at http://cbo.gov/doc.cfm?index=12699, minus annual revenues decreases if 2012 tax rates are extended through 2021, JCT, "Estimated Revenue Effects of Certain Exceptions Contained in H. Res. 5," April 15, 2011.
[4] Legislative Proposals: Return to Robust Job Growth, http://www.newt.org/contract/legislative-proposals.
[5] CBO Revenue Options A-1 and A-3, p. 216, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf
[6] Legislative Proposals: Return to Robust Job Growth, http://www.newt.org/contract/legislative-proposals.
[7] Intermediate- and high-debt scenarios from CRFB calculations based off Tax Policy Center analysis, http://taxpolicycenter.org/taxtopics/Gingrich-plan.cfm. Estimates are modified by assuming 15% revenue feedback from microdynamic effects, which is in line with the percent difference between other static and microdynamic estimates by the Tax Policy Center (see, for example, their estimates of Fred Thompson's tax plan: http://www.taxpolicycenter.org/numbers/displayatab.cfm?DocID=1703&topic2ID=40&topic3ID=&DocTypeID=5, http://www.taxpolicycenter.org/numbers/displayatab.cfm?DocID=1712&topic2ID=40&topic3ID=&DocTypeID=5)
Low-debt scenario based on assumption that revenue loss comes only from existence of two different systems, calculated by taking the difference between TPC's estimate for allowing individuals to switch and their estimate for requiring taxpayers to enter the reformed tax code.
[8] Legislative Proposals: Return to Robust Job Growth, http://www.newt.org/contract/legislative-proposals.
[9] Rate reductions calculated based on estimates of similar policies by JCT and CBO, http://democrats.waysandmeans.house.gov/media/pdf/112/JCTRevenueestimatesFinal.pdf, and p. 173 in http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf. Territorial system calculated based on Volcker Panel discussion on p. 89-90, http://www.whitehouse.gov/sites/default/files/microsites/PERAB_Tax_Reform_Report.pdf, adjusted for Gingrich's lower corporate income tax rates. Low-debt scenario assumes revenue-neutral territorial system.
[10] "Unleashing Growth," pp. 30-32, and Appendix, http://www.newt.org/news/unleashing-growth-and-innovation-move-beyond-welfare-state.
[11] CRFB calculations based on CBO tables, http://cbo.gov/sites/default/files/cbofiles/attachments/BudgetProjections_3.xls Table 3-2, http://www.cbo.gov/publication/22061, and http://cbo.gov/doc.cfm?index=12699. Gingrich's "Unleashing Growth" states the same figure of 185 such programs as in Peter Ferrera's America's Ticking Bankruptcy Bomb (2011), pp. 137-59, which in turn cites the same figure in the Heritage Foundation's "Welfare and Welfare Spending," and appendix tables, http://www.heritage.org/research/reports/2009/09/obama-to-spend-103-trillion-on-welfare-uncovering-the-full-debt-of-means-tested-welfare-or-aid-to-the-poor. Gingrich's paper lists most but not all of those on the Heritage list, notably excluding TANF, the refundable Child Tax Credit, and the refundable EITC. Gingrich names savings of $3.25 trillion equal to almost exactly half of the 10-year sums in "Welfare and Welfare Spending." From Gingrich's list, minus all his list's programs funded through the Department of Education, which Gingrich proposes elsewhere to cut entirely, we calculate a 10-year basis of $5.3 trillion in federal spending on the remaining means-tested programs, with cuts by half applied to the period Feb. 1, 2013, through Sep. 2021.
[12] Legislative Proposals: Balance the Federal Budget, http://www.newt.org/contract/legislative-proposals.
[13] Low-debt scenario based on cutting improper payments in half, assuming that some reductions are already underway (see http://www.gao.gov/new.items/d11318sp.pdf and http://paymentaccuracy.gov/programs/medicare-fee-service). Other scenarios assume fraud reduction of similar magnitude to President Obama's current proposals, Table S-5 http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/jointcommitteereport.pdf.
[14] "A 21st-Century Learning System," http://www.newt.org/solutions/21st-century-learning-system. "Healthcare," http://www.newt.org/solutions/healthcare.

[15] CRFB calculations based on recent Department of Education budget information at http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/education.pdf, excluding spending on research sub-function 503 (table 3.2, http://www.whitehouse.gov/omb/budget/Historicals/)
[16] "Jobs and the Economy," http://www.newt.org/solutions/jobs-economy.
[17] Fannie Mae and Freddie Mac spending in Table 1-4, CBO "August Update," http://cbo.gov/publication/41586.
[18] "Unleashing Growth," pp. 33-41 http://www.newt.org/news/unleashing-growth-and-innovation-move-beyond-welfare-state
[19] All scenarios are based on an analysis from the Congressional Budget Office http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/100xx/doc10051/04-15-nasa.pdf and the Center For International Studies http://csis.org/publication/costs-international-lunar-base. For the low-debt which assumes no overrun costs have that the Constellation project at $74 billion and the CSIS have the Moon Base at $33 billion and maintenance at $7 billion. For the intermediate cost, the Constellation was allowed 25% cost overrun making it $92 billion, the Moon Base was $35 billion and the Maintenance was $7 billion. For the high cost, a 50 percent overrun was assumed, making the Constellation was $110 billion, the Moon Base was $50 billion and the Maintenance was $11 billion.
[20] "Unleashing Growth," pp. 6-23, http://www.newt.org/news/unleashing-growth-and-innovation-move-beyond-welfare-state.
[21] Low- and intermediate-debt scenarios are based on the Social Security Administration 2011 analysis of the McCotter plan, http://www.ssa.gov/oact/solvency/TMcCotter_20110912.pdf, assuming private accounts take two years to implement. High-debt estimates are calculated by CRFB based on Social Security Administration estimates of the Ryan-Sununu proposal in http://www.ssa.gov/oact/solvency/PRyan_20040719.html. For commentary on the potential cost of guaranteeing benefit levels, see http://blogs.forbes.com/jeffreybrown/.
[22] "Healthcare," http://www.newt.org/solutions/healthcare.
[23] CBO analysis of HR 2, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12069/hr2.pdf, adjusted for the decision not to implement the CLASS Act, http://www.cbo.gov/sites/default/files/cbofiles/attachments/s720.pdf and adjusted for PPACA changes from the Middle Class Tax Relief and Jobs Creation Act of 2012, http://www.cbo.gov/sites/default/files/cbofiles/attachments/hr3630_2.pdf. Discretionary implementation savings assumes lower discretionary costs are dedicated to deficit reduction and are based on CBO estimates of IRS and CMS costs, http://www.cbo.gov/sites/default/files/cbofiles/attachments/hr3630_2.pdf. Claim of $500 billion in PPACA costs from Holtz-Eakin and Ramlet, http://americanactionforum.org/sites/default/files/Health%20Affairs_Holtz-Eakin%20and%20Ramlet_6-8-2010_1.pdf.
[24] "Healthcare," http://www.newt.org/solutions/healthcare.
[25] All scenarios assume high risk pools based on CBO Option 4, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/99xx/doc9925/12-18-healthoptions.pdf, malpractice reform based on CBO mandatory option 13, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf allowing health insurance purposes across state lines based on CBO, http://www.cbo.gov/doc.cfm?index=6639&type=0, and expanding Health Savings Accounts based on CBO, pp. 33-43, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12033/12-23-selectedhealthcarepublications.pdf.
The low-debt scenario assumes Gingrich would reform the tax treatment of health care in a revenue neutral way. The intermediate-debt scenario assumes he would expand the deductibility of health insurance based on CBO option 13, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/99xx/doc9925/12-18-healthoptions.pdf and the high-debt scenario assumes he also offers a tax credit similar to the voucher in CBO Option 7, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/99xx/doc9925/12-18-healthoptions.pdf.
[26] Legislative Proposals: Unleash America's Full Energy Production Potential, http://www.newt.org/contract/legislative-proposals.
[27] Low-debt scenario based on analysis from Wood Mackenzie Energy Consulting, http://www.scribd.com/doc/64154286/API-Us-Supply-Economic-Forecast-Embargoed-Until-Sept-7-2011. Estimates begin with Wood MacKenzie ten-year revenue impact (~$125b.), then subtract dynamic effects (~$35b.), state royalties (~$2b.), an assumption that states collect about half of the lease sales (~$35b.), and then adjust for the budget window. Medium and high-debt scenarios based on CBO scores (http://cbo.gov/ftpdocs/71xx/doc7150/s2253.pdf, and http://cbo.gov/sites/default/files/cbofiles/ftpdocs/68xx/doc6847/s1932.pdf) adjusted for current oil prices.
[28] Based on various platform proposals, policy papers, and speeches found on the candidate's website, http://www.ronpaul2012.com/, primarily under the "Issues" tab.
[29] "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/, and online proposals under "Taxes," http://www.ronpaul2012.com/the-issues/taxes/, and "Health Care," http://www.

ronpaul2012.com/the-issues/health-care/.
[30] Estimates for the elimination of capital gains and dividends income based on Paul's own estimates for 2013-2016, which closely match related estimates from CBO and TPC, and extrapolated out to 2017-2021 by CRFB based on CBO and JCT projections growth rates of capital gains tax revenues, Table 4-3 http://www.cbo.gov/sites/default/files/cbofiles/attachments/01-31-2012_Outlook.pdf
Estimates for elimination of Social Security benefits based on CBO and CMS, http://cbo.gov/publication/42244 and https://www.cms.gov/ReportsTrustFunds/downloads/tr2011.pdf .
Estimates for eliminating AMT calculated by CRFB using Tax Policy Center data (http://www.taxpolicycenter.org/numbers/displayatab.cfm?Docid=1764&DocTypeID=5 and http://www.taxpolicycenter.org/numbers/displayatab.cfm?Docid=1415&DocTypeID=)
Estimates for eliminating taxes on tips calculated by CRFB using data on reported tip income from the CPA Journal, http://www.nysscpa.org/cpajournal/2006/1206/essentials/p30.htm, adjusting for existing tax benefits for tip reporting.
Estimates on eliminating payroll taxes for the terminally ill estimated roughly by CRFB at $1 billion per year.
[31] "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/.
[32] Estimates from Paul campaign tables through 2016, grown thereafter at the rate of increase of the value of forecast revenues from 2012 rates, CBO Alternative A-3 minus A-1, pp. 216-17, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf.
[33] "Health Care," http://www.ronpaul2012.com/the-issues/health-care/, "Homeschooling," http://www.ronpaul2012.com/the-issues/homeschooling/, "Economy," http://www.ronpaul2012.com/the-issues/economy/.
[34] CRFB estimates. Estimates assume $5,000 per child homeschooling credit would cost about $10-20 billion through 2021, depending on how many eligible homeschooling families participated, under the assumption that 1.5 million homeschools are evenly distributed across the income spectrum. Estimates also assume mileage deduction limit is increased 20 percent to 66.7 cents and grown with inflation thereafter – assuming a 15% average marginal tax rate – at $10 billion in lost revenue through 2021. Tax credit for natural gas vehicles is assumed to have negligible costs, although specifics are not known.
[35] "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/, "Energy," http://www.ronpaul2012.com/the-issues/energy/.
[36] Rate reductions calculated based on estimates of similar policies by JCT and CBO, http://democrats.waysandmeans.house.gov/media/pdf/112/JCTRevenueestimatesFinal.pdf, and p. 173 in http://www.cbo.gov/ftpdocs/120xx/doc12085/03-10-ReducingTheDeficit.pdf. Territorial system calculated based on Volcker Panel discussion on p. 89-90, http://www.whitehouse.gov/sites/default/files/microsites/PERAB_Tax_Reform_Report.pdf, adjusted for Paul's lower corporate income tax rates. Low-debt scenario assumes revenue-neutral territorial system. Paul supports unspecified tax credits "for the purchase and production of alternative fuel technologies," which we assume means more than in the extended tax provisions discussed below, for a rough estimate of further tax revenues reductions of $1 billion per year.
[37] "Plan to Restore America," p. 4, http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/.
[38] CRFB calculations based on CBO data, adjusted to account for Paul's corporate tax rate, http://cbo.gov/sites/default/files/cbofiles/attachments/Expiringprovisions.xls. Revenues consequences for 100 percent expensing, are substantially greater in earlier years than in later years, since expensing represents a time shift in tax collection.
[39] "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/.
[40] CRFB calculations based on "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/. Estimates assume that those spending levels start to rise beginning in 2017, in line with the discretionary caps under the Budget Control Act.
[41] "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/, "National Defense," http://www.ronpaul2012.com/the-issues/national-defense/.
[42] CRFB calculations based on "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/ and CBO, http://cbo.gov/publication/42905. Overseas base closure estimates based on CBO, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/54xx/doc5415/05-03-armyobasing.pdf.
[43] "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/.
[44] Banning union projects, freezing federal compensation levels, and reducing federal travel estimates based on Paul's "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/ (note that this sum of savings from travel would likely require reductions on the defense side. Estimates for cutting the federal workforce based on CBO, http://www.cbo.gov/sites/default/files/cbofiles/attachments/hr3029.pdf. Davis-

Bacon estimates based on reporting of CBO estimates, http://steveking.house.gov/index.php?option=com_content&task=view&id=4140&Itemid=300100. Low-debt estimates assume more than $6 billion per year in savings based on numbers from Congressman Paul.
[45] "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/.
[46] Low-debt scenario based on cutting improper payments in half, assuming that some reductions are already underway (see http://www.gao.gov/new.items/d11318sp.pdf and http://paymentaccuracy.gov/programs/medicare-fee-service). Other scenarios assume fraud reduction of similar magnitude to President Obama's current proposals, Table S-5 http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/jointcommitteereport.pdf.
[47] "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/, "Economy," http://www.ronpaul2012.com/the-issues/economy/.
[48] CRFB calculations based on "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/, compared to our baseline estimates. Congressman Paul's budget tables include a line of increased revenues from a "Child Credit Shift," but refundable tax credits do not appear in Paul's spending tables to offset such an accounting shift. Although Congressman Paul includes no funding for the IRS, we assume it must continue to administer the tax code and so restore $15 billion per year to his numbers.
[49] "Health Care," http://www.ronpaul2012.com/the-issues/health-care/.
[50] Estimate based on CBO analysis of repeal of the PPACA, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12069/hr2.pdf, without the implementation of the CLASS Act, http://www.cbo.gov/sites/default/files/cbofiles/attachments/s720.pdf and adjusted for PPACA changes from the Middle Class Tax Relief and Jobs Creation Act of 2012, http://www.cbo.gov/sites/default/files/cbofiles/attachments/hr3630_2.pdf. Discretionary implementation savings assumes lower discretionary costs are dedicated to deficit reduction and are based on CBO estimates of IRS and CMS costs, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/113xx/doc11379/amendreconprop.pdf. Claim of $500 billion in PPACA costs from Holtz-Eakin and Ramlet, http://americanactionforum.org/sites/default/files/Health%20Affairs_Holtz-Eakin%20and%20Ramlet_6-8-2010_1.pdf.
[51] "Health Care," http://www.ronpaul2012.com/the-issues/health-care/. "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/.
[52] Malpractice reform estimate based on CBO mandatory option 13, p. 35, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf, excluding the Medicaid savings due to the proposal to block grant Medicaid spending. Fiscal effects of health insurance purchases across state lines based on CBO estimates, http://www.cbo.gov/publication/17145. Deduction for health expenses based on rough CRFB estimates using CMS data on out-of-pocket expenses (http://www.cms.gov/NationalHealthExpendData/downloads/tables.pdf, Table 4). Intermediate-debt cost scenario estimates assume 50 percent utilization of most of the value of credits and deductions, while high cost estimates assumes 100 percent utilization. Due to lack of detail, we assume no cost for a medical expenses credit – only for deductions – though these tax credits could drive the costs much higher. We roughly estimate an annual tax value of $1 billion for Paul's credits for negative outcomes insurance.
[53] "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/.
[54] Aviation tax revenues from CBO, Table 4-7 http://cbo.gov/ftpdocs/120xx/doc12039/01-26_FY2011Outlook.pdf. TSA spending estimated based on House Appropriations Committee numbers, http://appropriations.house.gov/UploadedFiles/12.14.11_Final_FY_2012_Appropriations_Legislation_-_Detailed_Summary.pdf; only about 1 percent of TSA spending is on surface transportation, http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_reports&docid=f:sr396.110.pdf. FAA spending estimates based on Department of Transportation data, http://www.dot.gov/budget/2012/budgetestimates/fhwa.pdf.
[55] "Plan to Restore America," http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/, "Economy," http://www.ronpaul2012.com/the-issues/economy/.
[56] Fuel tax estimated by adjusting revenues estimates from CBO, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/121xx/doc12173/05-17-highwayfunding.pdf, to account for "25 percent offset rule" (see http://jct.gov/publications.html?func=startdown&id=4378).
[57] "Plan to Restore America," p. 3, http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/.
[58] Because the estimated cash value of all federal lands and assets is well in excess of $61 billion, we assume no consequent spending increases through rents or leases or the like; "Financial Report of the United States Government," annual, http://www.fms.treas.gov/fr/index.html. Congressman Paul also proposes $81 billion in further revenues from the sale of U.S. equity ownership in automakers and financial institutions, presumably from TARP; however under Congressional budgeting rules, those equities already count as assets and hence will not count as deficit reduction when sold.

[59] "End the Fed," http://www.ronpaul2012.com/the-issues/end-the-fed/. For cancelling debt held by the Fed, Paul cites his own bill before Congress, 112th HR 2768, "Plan to Restore America," p. 4, http://www.ronpaul2012.com/the-issues/ron-paul-plan-to-restore-america/.
[60] Revenue losses from CBO projections, Table 4-1, http://www.cbo.gov/sites/default/files/cbofiles/attachments/01-31-2012_Outlook.pdf. Savings from debt forgiveness based on Weekly updates on the U.S. Treasury securities balance held by the Fed at http://www.federalreserve.gov/releases/h41/current/.
[61] Based on various platform proposals found on the candidate's website, www.mittromney.com, especially his 2011 campaign document, Believe in America, http://mittromney.com/blogs/mitts-view/2011/09/believe-america-mitt-romneys-plan-jobs-and-economic-growth.
[62] Believe in America, p. 41, http://mittromney.com/blogs/mitts-view/2011/09/believe-america-mitt-romneys-plan-jobs-and-economic-growth. Income threshold specification from the Tax Policy Center, http://taxpolicycenter.org/taxtopics/romney-plan.cfm.
[63] CRFB calculations based on Tax Policy Center estimates, http://taxpolicycenter.org/taxtopics/romney-plan.cfm
[64] Believe in America, p. 41.
[65] CBO Revenue Options A-1 and A-3, p. 216, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf
[66] Believe in America, p. 43-47.
[67] Rate reductions calculated by CRFB based on estimates from JCT and CBO, http://democrats.waysandmeans.house.gov/media/pdf/112/JCTRevenueestimatesFinal.pdf, and p. 173 in http://cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf. Territorial system calculated based on Volcker Panel discussion on p. 89-90, http://www.whitehouse.gov/sites/default/files/microsites/PERAB_Tax_Reform_Report.pdf, adjusted for Romney's lower corporate income tax rates. Low-debt scenario assumes revenue-neutral territorial system.
[68] Believe in America, p. 142. "Remarks on Fiscal Policy," Nov. 4, 2011, https://www.mittromney.com/news/press/2011/11/mitt-romney-delivers-remarks-fiscal-policy.
[69] CBO, http://www.cbo.gov/budget/factsheets/2011b/medicaid.pdf.
[70] CRFB calculations by taking non-PPACA Medicaid spending and growing it at CPI plus 1 percent after 2013 as opposed to baseline growth rates. Baseline levels from CBO, http://cbo.gov/publication/42239, http://cbo.gov/publication/42238, and http://cbo.gov/sites/default/files/cbofiles/attachments/HealthInsuranceExchanges.pdf Annual non-PPACA Medicaid is forecast to grow by an annual average of 6.2 percent, 2013-21, while CBO forecasts average CPI of 2.0 percent, Table S-2, http://cbo.gov/sites/default/files/cbofiles/attachments/01-31-2012_Outlook.pdf. The Romney campaign estimates annual reduced Medicaid spending of $200 billion by 2021, but that includes Medicaid savings from repealing PPACA.
[71] "Plan to Turn Around the Federal Government," http://mittromney.com/blogs/mitts-view/2011/11/romney-presents-plan-turn-around-federal-government.
[72] Compensation and attrition policies calculated by CRFB based on Romney campaign estimates, http://mittromney.com/blogs/mitts-view/2011/11/romney-presents-plan-turn-around-federal-government. Davis-Bacon estimates based on reporting of CBO estimates, http://steveking.house.gov/index.php?option=com_content&task=view&id=4140&Itemid=300100. Low-debt numbers based on the annual $11 billion in savings published by the Romney campaign, grown after 2013 at the forecast rate of discretionary spending growth under the BCA caps (without the additional sequester).
[73] "Plan to Turn Around the Federal Government."
[74] Low-debt scenario based on Romney proposal to cut improper payments in half, assuming that some reductions are already underway (see http://www.gao.gov/new.items/d11318sp.pdf and http://paymentaccuracy.gov/programs/medicare-fee-service). Other scenarios assume fraud reduction of similar magnitude to President Obama's current proposals, Table S-5 http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/jointcommitteereport.pdf.
[75] "Remarks on Fiscal Policy," http://www.mittromney.com/news/press/2011/11/mitt-romney-delivers-remarks-fiscal-policy, and "Plan to Turn Around Federal Government."
[76] Savings calculated off cutting non-security spending from the Budget Control Act caps in 2013 and growing those savings by the overall growth rate in the spending caps, , http://cbo.gov/sites/default/files/cbofiles/attachments/10-26-DiscretionarySpending_Testimony.pdf. A list of non-security discretionary spending can be found in OMB's Table S-11, though spending is now lower, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/tables.pdf.

[77] "Fact Sheet: Mitt Romney's Strategy to Ensure an American Century," Oct. 7, 2011, http://mittromney.com/blogs/mitts-view/2011/10/fact-sheet-mitt-romneys-strategy-ensure-american-century.
[78] Low- and intermediate-debt costs assumed to be fully offset based on correspondence with the campaign. High-debt estimates based on CRFB calculations using CBO Outlook January 2012, assuming defense growth proportional to the BCA based on CBO, http://cbo.gov/sites/default/files/cbofiles/attachments/09-12-BudgetControlAct.pdf subtracting out overseas war spending under the drawdown in Table 3-5, Note a, http://cbo.gov/sites/default/files/cbofiles/attachments/01-31-2012_Outlook.pdf; and assuming GDP levels based on Table 4-1 of the same document.
[79] "Plan to Turn Around the Federal Government."
[80] Retirement age savings based on http://www.ssa.gov/oact/solvency/provisions/charts/chart_run270.html. Savings from progressive indexing of benefits based on http://www.ssa.gov/oact/solvency/provisions/benefitlevel.html.
[81] "Plan to Turn Around the Federal Government."
[82] "Plan to Turn Around the Federal Government." Spending cap would phase in by 2016, http://www.usatoday.com/news/opinion/editorials/story/2012-02-07/romney-balance-budget-no-taxes/53003298/1.
[83] Believe in America, pp. 59.
[84] Estimate based on CBO analysis of repeal of the PPACA, http://cbo.gov/ftpdocs/120xx/doc12069/hr2.pdf, without the implementation of the CLASS Act, http://cbo.gov/sites/default/files/cbofiles/attachments/s720.pdf and adjusted for PPACA changes from the Middle Class Tax Relief and Jobs Creation Act of 2012, http://cbo.gov/sites/default/files/cbofiles/attachments/hr3630_2.pdf. Discretionary implementation savings assumes lower discretionary costs are dedicated to deficit reduction and are based on CBO estimates of IRS and CMS costs, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/113xx/doc11379/amendreconprop.pdf. Claim of $500 billion in PPACA costs from Holtz-Eakin and Ramlet, http://americanactionforum.org/sites/default/files/Health%20Affairs_Holtz-Eakin%20and%20Ramlet_6-8-2010_1.pdf
[85] Believe in America, p. 63.
[86] Malpractice reform estimate based on CBO mandatory option 13, p. 35, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf, excluding the Medicaid savings given Governor Romney's proposal to block grant Medicaid spending. Fiscal effects of health insurance purchases across state lines based on CBO estimates, http://www.cbo.gov/doc.cfm?index=6639&type=0. Expanded deductibility of health insurance based on CBO health option 13, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/99xx/doc9925/12-18-healthoptions.pdf.
[87] Believe in America, pp. 91-95.
[88] Low-debt scenario based on analysis from Wood Mackenzie Energy Consulting, http://www.scribd.com/doc/64154286/API-Us-Supply-Economic-Forecast-Embargoed-Until-Sept-7-2011. Estimates begin with Wood MacKenzie ten-year revenue impact (~$125b.), then subtract dynamic effects (~$35b.), state royalties (~$2b.), an assumption that states collect about half of the lease sales (~$35b.), and then adjust for the budget window. Medium and high-debt scenarios based on CBO scores (http://cbo.gov/sites/default/files/cbofiles/ftpdocs/69xx/doc6938/anwr-stevens.pdf, and http://cbo.gov/sites/default/files/cbofiles/ftpdocs/68xx/doc6847/s1932.pdf) adjusted for current oil prices.
[89] Based on various platform proposals found on the candidate's website, www.ricksantorum.com.
[90] "Made in America," http://www.ricksantorum.com/made-america.
[91] Estimates of revenue loss from CRFB calculations based on the Tax Policy Center, http://taxpolicycenter.org/taxtopics/Santorum-plan.cfm. Base broadening estimates calculated in very rough terms by identifying those individual tax expenditures not related to charitable giving, mortgage interest, health care, retirement savings, children (including the EITC), capital gains, or Social Security, summing their costs, and adjusting them to account for lower rates and other tax changes. Tax expenditure estimates based on OMB, http://www.whitehouse.gov/sites /default/files/omb /budget/fy2013/assets/teb2013.xls. Decision over which tax expenditures to include based on conversations with Santorum campaign, information from campaign website (http://www.ricksantorum.com/defender-taxpayer), and press reports on Santorum's approach on Social Security reform (http://m.thetimes-tribune.com/news/santorum-trim-social-security-now-even-if-painful-1.1254316).
Estimates are modified by assuming 15% revenue feedback from microdynamic effects, which is in line with the percent difference between other static and microdynamic estimates by the Tax Policy Center (see, for example, their estimates of Fred Thompson's tax plan:
http://www.taxpolicycenter.org/numbers/displayatab.cfm?DocID=1703&topic2ID=40&topic3ID=&DocTypeID=5,http://www.taxpolicycenter.org/numbers/displayatab.cfm?DocID=1712&topic2ID=40&topic3ID=&DocTypeID=5)
[92] "Made in America," http://www.ricksantorum.com/made-america.
[93] CBO Revenue Options A-1 and A-3, p. 216, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-

ReducingTheDeficit.pdf.
[94] "Made in America," http://www.ricksantorum.com/made-america.
[95] Rate reductions calculated by CRFB based on estimates from JCT and CBO, http://democrats.waysandmeans.house.gov/media/pdf/112/JCTRevenueestimatesFinal.pdf, and p. 173 in http://cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf adjusted for the fact that roughly one quarter of corporate tax revenue comes from manufactures. R&D credit extensions and 100 percent expensing based on "Expiring Tax Provisions" spreadsheet, http://cbo.gov/doc.cfm?index=12699.
Base broadening calculated by CRFB from JCT data, http://democrats.waysandmeans.house.gov/media/pdf/112/JCTRevenueestimatesFinal.pdf, with CRFB adjustments, http://crfb.org/blogs/yes-actually-we-can-very-least-make-corporate-tax-reform-revenue-neutral, assuming that depreciation and expensing rules are untouched and adjusting other savings for the lower rates and 0 rate on manufacturers (which results in no savings from elimination of the domestic production activities deduction).
Senator Santorum also proposes to reduce the tax rate on repatriated corporate profits to 5.25 percent, or zero for profits invested in domestic manufacturing, which we are treating as revenues-neutral for lack of available studies; under current rates of 35 percent, the majority of corporate profits earned abroad remain abroad.
[96] "Spending Cuts and Entitlements Reform," http://www.ricksantorum.com/spending-cuts-and-entitlements-reform.
[97] Estimates of premium support for new beneficiaries from CRFB calculations based on CBO analysis of Congressman Ryan's premium support proposal, http://cbo.gov/doc.cfm?index=12128. Estimates assume the long-term savings from Ryan's proposal, as a share of Medicare spending, are advanced to an earlier date and phase in linearly.
Premium support for existing beneficiaries is assumed to be based on competitive bidding between traditional Medicare and private plans as in CBO Health Option 64, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/99xx/doc9925/12-18-healthoptions.pdf. Estimates are adjusted to only apply to existing beneficiaries after the start date and are modified based on projected Medicare costs over the budget window.
[98] "Spending Cuts," http://www.ricksantorum.com/spending-cuts-and-entitlements-reform.
[99] Intermediate estimates assume $60 billion from progressive price indexing as in CBO Option 28, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf. Low estimates assume $140 billion based off of steeper PIA reductions as in CBO Social Security Option 13, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/115xx/doc11580/07-01-ssoptions_forweb.pdf; high-debt estimate assume progressive price indexing as in CBO Option 28 above, but push back the start date in order to protect those over the age of 55.
Dependents benefit reforms assume a reduction from 50% to 33% of primary benefits, but phase in differs by scenario; low-debt scenario assumes 2% phase in per year for new retirees, intermediate scenario assumes 1% phase in per year for new retirees; and high-debt scenario assumes 1% phase in per year exempting those older than age 55; all scenarios calculated by CRFB from SSA, http://www.ssa.gov/oact/solvency/provisions/tables/table_run233.html.
Disability reforms assumed to be similar in magnitude to those proposed by President Bush in 2008, http://cbo.gov/sites/default/files/cbofiles/attachments/di_4.pdf, with no savings included in Santorum's high-debt scenario, due to lack of specificity.
[100] "Spending Cuts," http://www.ricksantorum.com/spending-cuts-and-entitlements-reform.
[101] Estimates based on CBO mandatory spending projections of Medicaid, food stamps, Pell grants, temporary assistance to needy families, foster care, and supplemental security income, Table 3-2 , http://cbo.gov/sites/default/files/cbofiles/attachments/01-31-2012_Outlook.pdf, but assuming the repeal of PPACA., http://cbo.gov/sites/default/files/cbofiles/attachments/HealthInsuranceExchanges.pdf. Education and Housing from OMB Budget, Job Training from OMB Historical Tables, http://www.whitehouse.gov/omb/. Further mandatory spending programs are listed in appendix tables of the Heritage Foundation's "Welfare and Welfare Spending," http://www.heritage.org/research/reports/2009/09/obama-to-spend-103-trillion-on-welfare-uncovering-the-full-debt-of-means-tested-welfare-or-aid-to-the-poor.
[102] "Spending Cuts," http://www.ricksantorum.com/spending-cuts-and-entitlements-reform.
[103] Estimates for defense freeze calculated from CBO projections of proportional defense reductions from the BCA caps in 2013, Table B-1 http://cbo.gov/sites/default/files/cbofiles/attachments/10-26-DiscretionarySpending_Testimony.pdf, frozen for five years, then allowed to grow at the rate of the BCA caps after 2018, and compared to the proportional defense spending trajectory under BCA.
[104] "Spending Cuts," http://www.ricksantorum.com/spending-cuts-and-entitlements-reform.

[105] Estimates for cancelling remaining stimulus funds calculated by taking remaining spending for part of 2012 and later years, pg 9-10 http://cbo.gov/sites/default/files/cbofiles/attachments/01-31-2012_Outlook.pdf, and comparing to funds awarded but still "not assigned," http://www.recovery.gov/pages/textview.aspx?data=homeMap.
Estimates for phasing out Fannie Mae and reduction agricultural subsidies based on CBO, Table 3-2 http://cbo.gov/sites/default/files/cbofiles/attachments/01-31-2012_Outlook.pdf; for agriculture farm subsidies, we assume a 4-year phased down which cuts 51% , 75%, and 99% in the high-, intermediate-, and low-debt scenarios, respectively.
Estimates for eliminating energy subsidies based on funding for Energy Efficiency and Renewable Energy, Electricity Delivery and Energy Reliability, Nuclear Energy, Fossil Energy Research and Development, ARPA-E, the Title 17 Innovative Technology Loan Guarantee Program and the Advanced Technology Vehicles Manufacturing Loan Program in the 2012 Consolidated Appropriations Bill, pp. 82-86 http://thomas.loc.gov; phase out estimated linearly over 4 years.
Estimates for Planned Parenthood funding based on annual report http://issuu.com/actionfund/docs/ppfa_financials_2010_122711_web_vf?mode=window&viewMode=doublePage. Estimates for UN funding from OMB 2010 annual report, p. 2, http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/us_contributions_to_the_un_06112010.pdf.
[106] "Spending Cuts," http://www.ricksantorum.com/spending-cuts-and-entitlements-reform.
[107] CRFB estimates based off of proportional non-defense funding levels under the BCA caps, http://cbo.gov/sites/default/files/cbofiles/attachments/10-26-DiscretionarySpending_Testimony.pdf, reduced to 2008 levels in 2013, then increased in line with overall changes in the BCA caps, and compared to original projected levels.
[108] "Spending Cuts," http://www.ricksantorum.com/spending-cuts-and-entitlements-reform.
[109] Estimates for reducing size federal workforce by 10 percent from CBO, http://cbo.gov/sites/default/files/cbofiles/attachments/hr3029.pdf. CRFB calculations for freezing federal pay based on OMB data, Table 11-4 http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/management.pdf. Pension reforms calculated by CRFB using available CBO and OMB data. Long-term pension costs from http://cbo.gov/publication/42476.
[110] "Spending Cuts," http://www.ricksantorum.com/spending-cuts-and-entitlements-reform.
[111] Low-debt scenario based on Romney proposal to cut improper payments in half, assuming that some reductions are already underway (see http://www.gao.gov/new.items/d11318sp.pdf and http://paymentaccuracy.gov/programs/medicare-fee-service). Other scenarios assume fraud reduction of similar magnitude to President Obama's current proposals, Table S-5 http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/jointcommitteereport.pdf.
[112] "Spending Cuts," http://www.ricksantorum.com/spending-cuts-and-entitlements-reform.
[113] "Repeal and Replace," http://www.ricksantorum.com/repeal-and-replace-obamacare-patient-centered-healthcare.
[114] Estimate based on CBO analysis of repeal of the PPACA, http://cbo.gov/ftpdocs/120xx/doc12069/hr2.pdf, without the implementation of the CLASS Act, http://cbo.gov/sites/default/files/cbofiles/attachments/s720.pdf and adjusted for PPACA changes from the Middle Class Tax Relief and Jobs Creation Act of 2012, http://cbo.gov/sites/default/files/cbofiles/attachments/hr3630_2.pdf. Discretionary implementation savings assumes lower discretionary costs are dedicated to deficit reduction and are based on CBO estimates of IRS and CMS costs, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/113xx/doc11379/amendreconprop.pdf. Claim of $500 billion in PPACA costs from Holtz-Eakin and Ramlet, http://americanactionforum.org/sites/default/files/Health%20Affairs_Holtz-Eakin%20and%20Ramlet_6-8-2010_1.pdf.
[115] "Repeal and Replace," http://www.ricksantorum.com/repeal-and-replace-obamacare-patient-centered-healthcare.
[116] All scenarios assume malpractice reform based on CBO mandatory option 13, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12085/03-10-reducingthedeficit.pdf and allowing health insurance purposes across state lines based on CBO, http://www.cbo.gov/doc.cfm?index=6639&type=0, and strengthening HSAs based on CBO, pp. 133-143, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/120xx/doc12033/12-23-selectedhealthcarepublications.pdf. The low-debt and intermediate-debt scenarios assumes Santorum would expand the deductibility of health insurance based on CBO health option 13, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/99xx/doc9925/12-18-healthoptions.pdf and the high-debt scenario assumes he also offers a tax credit similar to the voucher in CBO Option 7, http://cbo.gov/sites/default/files/cbofiles/ftpdocs/99xx/doc9925/12-18-healthoptions.pdf. All estimates adjusted based on changes to Medicaid and the tax code recommended by Santorum.
[117] "Unleashing America's Domestic Energy," http://www.ricksantorum.com/unleashing-america%E2%80%99s-domestic-energy.
[118] Based on CBO scores (http://cbo.gov/sites/default/files/cbofiles/ftpdocs/69xx/doc6938/anwr-stevens.pdf, and http://cbo.gov/sites/default/files/cbofiles/ftpdocs/68xx/doc6847/s1932.pdf) adjusted for current oil prices and

assuming additional exploration.
[119] "Spending Cuts," http://www.ricksantorum.com/spending-cuts-and-entitlements-reform.
[120] The $4 billion sum is what is proposed by the President in the September submission to the Joint Select Committee, Table S-5 http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/jointcommitteereport.pdf. July 2011 CBO testimony on the President's proposal indicated that an expedited process for selling federal property would not yield significant revenue above what was already projected and that other similar processes for selling federal property also had limited effect. http://cbo.gov/ftpdocs/123xx/doc12318/7-27-11_SellingFederalProperty_Testimony.pdf.

A COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET PROJECT

USBUDGETWATCH

Primary Numbers: The GOP Candidates and the National Debt
Addendum: Governor Romney's New Tax Reform Plan
February 23, 2012

On February 22, 2012, Governor Mitt Romney unveiled some details for a comprehensive tax reform plan designed to lower corporate and individual rates, reduce tax expenditures, maintain progressivity in the tax code and ensure that the entirety of his proposals – including tax and spending measures – is deficit-neutral.[i] The components of his tax plan include:

1) Abolishing the Estate Tax.
2) Eliminating taxes on capital gains, dividends, and interest for those with income below $200,000 per year.
3) Reducing the corporate tax rate to 25%.
4) Moving to a "territorial system" for taxing corporate income abroad.
5) Reducing all individual tax rates across-the-board by 20%, meaning the top rate would fall from 35 to 28 and the bottom rate from 10 to 8.
6) Eliminating the Alternative Minimum Tax on both the corporate and individual sides.
7) Permanently extending the Research & Experimentation tax credit.
8) Reforming or repealing various credits, exclusions, and deductions – particularly for higher earners – while retaining some provisions for savings, housing, and charitable giving for middle-income Americans.

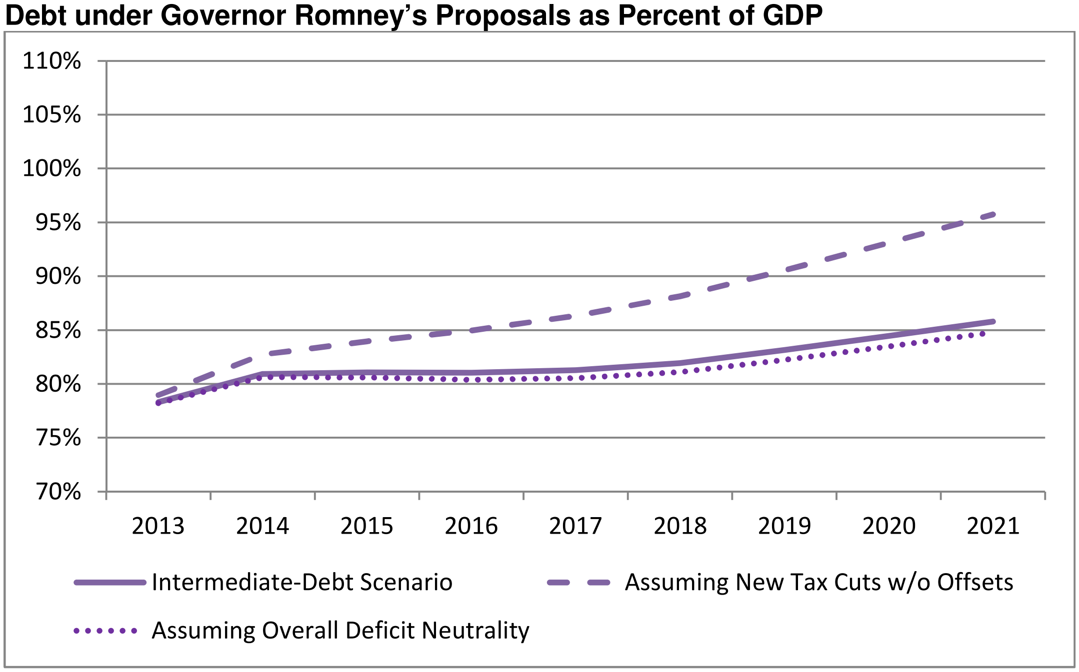
Items #1 through #4 were previous staples of Governor Romney's tax plan, which we have included in our broader analysis and which we estimated would cost more than $1.3 trillion through 2021 in our report, ***Primary Numbers***. The effect of the additional policies will depend on the extent to which Governor Romney would broaden the tax base by repealing or reforming tax expenditures. For simplicity, we have looked at the potential effects of this plan assuming Romney's policies are otherwise measured as in our intermediate-debt scenario; under this scenario we project an increase of **$250 billion** in the debt through 2021. We have attempted to provide an upper- and lower-bound estimate of his newly-released tax plan, which will be refined as further details emerge.

The Romney campaign has said that there will be significant enough base broadening to make their plan as a whole (including the spending cuts) deficit-neutral. While they have not named any specifics, it is important to note that doing so would require making substantial changes to many tax expenditures, among the largest of which are for mortgage interest, charitable giving, employer-provided health care, and state and local taxes. By definition, if Governor Romney proposed sufficient base broadening to make his entire plan deficit-neutral, his policies on the whole would have **no measurable effect** on the debt by 2021.

Although the campaign has said the plan would include corporate and individual base broadening, they have not yet identified any tax expenditures that would be cut or modified. Absent offsets, the cost of a 20% rate reduction, repeal of the AMT, and extension of the Research & Experimentation tax credit would add to the debt. According to the Tax Policy Center, the 20% rate cut would cost about $150 billion in 2015 alone[ii] -- and we estimate the other policies would cost an additional $50 billion. Estimated roughly, ignoring interactions and microdynamic effects, we find that without offsets Governor Romney's plan on the whole would increase the debt by about **$2.6 trillion**.

This difference can be seen more clearly in looking at the impact on the debt as a percentage of GDP. In our current intermediate-debt scenario, we estimate that Governor Romney's plans would result in debt levels at about **86 percent of GDP** in 2021. Should Romney enact sufficient base broadening – likely including substantial changes to the major itemized deductions and exclusions – so that his entire plan is deficit-neutral to current policy, his debt levels would be at about **85 percent of GDP** in 2021**.** On the other hand, if Governor Romney enacted these additional tax cuts without offsets, his 2021 debt levels would be **96 percent of GDP.**

Debt under Governor Romney's Proposals as Percent of GDP



As more details arise and we are able to more fully study Governor Romney's plan, U.S. Budget Watch will continue to update its estimates and analysis.

Note that U.S. Budget Watch does not support or oppose any candidate for office and these estimates are for informational purposes only.

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[i] "Fact Sheet – Restore America's Promise – More Jobs, Less Debt, Smaller Government," Feb. 22, 2012, http://www.mittromney.com/blogs/mitts-view/2012/02/restore-americas-promise-more-jobs-less-debt-smaller-government

[ii] "A 20 Percent Tax Rate Cut Would be a Huge Hole in the Budget," Nov. 15, 2011, http://taxvox.taxpolicycenter.org/2011/11/15/a-20-percent-tax-rate-cut-would-blow-a-huge-hole-in-the-budget/