Spending, Taxes, & Deficits:  
A Book of Charts

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September 2019
Highlights

-- 90% of Rising Deficit is From Social Security & Medicare Shortfalls (p. 16)
-- Why the Deficit Could Top $3 Trillion Within a Decade (20)
-- Each 1% Interest Rate Rise Adds $11 Trillion to 30-Year Debt (21)
-- What Happened to the 2011 BCA Spending Caps? (29-30)
-- What is Driving CBO’s Projected $80 Trillion Deficit over 30 Years? (39-45)
-- A Menu of Tax Increase Options (56)
-- Democratic Presidential Proposals Would Cost up to $72 Trillion (60)
-- Does the U.S. Have the OECD’s Most Progressive Tax Code? (80)
-- Is it Possible that the 1980s Defense Build Up Paid for Itself? (84)
-- What Really Caused the 1990s Budget Surpluses? (85)
-- The Comprehensive Bush Budget Record (87-88)
-- The Comprehensive Obama Budget Record (89-96)
Methodology

Nearly all charts were built with publicly-available government data from the Office of Management and Budget (OMB), Congressional Budget Office (CBO), U.S. Treasury, Council of Economic Advisors (CEA), Bureau of Labor Statistics (BLS), Bureau of Economic Analysis (BEA), and Census Bureau.

Unless otherwise noted, short time periods are expressed in nominal dollars, medium time periods are expressed in inflation-adjusted dollars, and long time periods are expressed as percentage of the economy.

Sources for any chart can be obtained by contacting Brian Riedl at Briedl@manhattan-institute.org.
Charts are Organized into 9 Chapters

1) Rising Budget Deficits and National Debt

2) What is Driving the Debt? Soaring Federal Spending

3) Discretionary Spending is Not Driving the Long-Term Debt

4) Mandatory Spending and Entitlement Costs are Rising Rapidly

5) Can’t We Just Raise Taxes, Cut Defense, & Nationalize Health Care Instead?

6) Tax Revenues Will Continue Growing Faster Than the Economy

7) The Tax Code Has Become Increasingly Progressive

8) Countering Tax, Spending, & Deficit Myths of the 1980s Through 2008

9) A Comprehensive Accounting of the Obama Fiscal Record
Chapter 1

Rising Budget Deficits and National Debt
Background: Budget Deficits are Heading Above Their Historical Average

Source: OMB Historical Table 1.2, and January 2019 CBO (current-policy) Baseline

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Budget Deficits are Once Again Soaring
(Adjusted for Inflation)

Source: OMB Historical Table 1.1, and January 2019 CBO (current-policy) Baseline, adjusted in to 2019 dollars.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
The National Debt is Set to More than Double its Pre-Recession Level

Historical Debt as a Percentage of GDP

- 106% (1946)
- 23% (1974)
- 48% (1993-95)
- 39% (2008)
- 105% (2029)

Fiscal Year

Source: OMB Historical Table 7.1, and January 2019 CBO (current-policy) Baseline Table 1-1. Figures refer to Debt Held by the Public

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
CBO Long-Term Baseline Shows Unsustainable Debt

Note: This is the rosy scenario that assumes no wars, no recessions and continued low interest rates. It also assume all tax cuts expire as scheduled.

Source: CBO 2019 Long-Term Budget Outlook

Author: Brian Riedl, Manhattan Institute - @Brian_Riedl
CBO Projects $2 Trillion Budget Deficits Within a Decade, Assuming Current Policies are Extended

Source: OMB Historical Table 1.1, and January 2019 CBO (current-policy) Baseline, Table 5.1

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Chapter 2

What is Driving the Debt?
Soaring Federal Spending
Background: Federal Spending & Taxes: 1930-2029

Source: OMB Historical Table 1.2 (1930-2018), and January 2019 CBO (current-policy) Baseline.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Rising Spending – Not Falling Revenues – Drives the Long-Term Deficit

Source: CBO 2019 Long-Term Budget Outlook, adjusted into current-policy baseline

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Over the Next Decade, Above-Average Spending Will Drive Most of the Rising Deficit

Source: OMB Historical Table 1.2 (1930-2018), and January 2019 CBO (current-policy) Baseline.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Entitlements Remain the Lead Driver of Budget Deficits

Source: Calculated using CBO 2019 (current-policy) Baseline data. Assumes that new tax cuts are renewed. Resulting interest costs are incorporated into each category.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Rising Social Security & Medicare Shortfalls Drive 90% of Rising Deficit Between 2019-2029

Annual deficit is projected to rise from $898 billion to $2,188 billion

Source: Calculated using Jan 2019 CBO (current-policy) Baseline and CBO 2019 Long-Term Baseline.
Assumes that new tax cuts are renewed.
Resulting interest costs are incorporated into each category.
General revenues include interest payments on trust funds, as they represent a net cost to the rest of the budget.

Author: Brian Riedl, Manhattan Institute - @Brian_Riedl
Rising Social Security & Medicare Shortfalls Drive 90% of Rising Deficit Between 2018-2029

Each category includes the portion of interest on the national debt that it is responsible for. General revenue transfers include interest payments on trust funds, which are a net cost to the rest of the budget.


Author: Brian Riedl, Manhattan Institute - @Brian_Riedl
Major Components of $16.4 Trillion Deficit Projected Over 2019-2029 Period

- **General Revenue Transfers to Soc. Security & Medicare**: -$10.7 trillion
- **2017 Tax Cuts**: -$2.7 trillion
- **Higher Discr. Caps**: -$2.2 trillion
- **Rest of the Budget**: -$0.9 trillion

Note: General revenue transfers to Social Security & Medicare will grow from $440 billion to $1,656 billion between 2019 & 2029.

Source: Calculated using Jan. 2019 CBO (current-policy) Baseline and CBO 2019 Long-Term Baseline. Assumes that new tax cuts are renewed. Resulting interest costs are incorporated into each category. General revenues include interest payments on trust funds, as they represent a net cost to the rest of the budget.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Net Interest Costs are Set to Rise Dramatically

Source: OMB Historical Table 3.2 and January 2019 CBO (current-policy)
Baseline Table 1.1 adjusted for inflation into 2019 dollars

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
If Interest Rates Return to 1980s or 1990s Levels, Net Interest Costs – and Thus the Deficit – Will Soar

If interest rates return to 1980s or 1990s levels, net interest costs—and thus the deficit—will soar. The following chart illustrates the potential impact on the budget surplus/deficit over time:

- **Baseline**: Current policy baseline deficits.
- **1990s Interest Rates**: Deficits with 1990s interest rates.
- **1980s Interest Rates**: Deficits with 1980s interest rates.

### Fiscal Year Baseline Deficits
- 2000: $236 billion
- 2007: $161 billion
- 2009: $1,413 billion
- 2029: $2,188 billion

### Historical and CBO Current-Policy Baseline Deficits
- 2000: $236 billion
- 2007: $161 billion
- 2009: $1,413 billion
- 2029: $2,188 billion

### Additional Information
- **Source**: Calculated using January 2019 CBO (current-policy) Baseline data and CEA historical interest rate data. Amounts in nominal $billions.
- **Author**: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Rising Interest Rates Would Push the National Debt Past 250% of GDP Within 30 Years

Average interest paid rate on national debt:
- 1980s → 10.5%
- 1990s → 6.9%
- 2000s → 4.8%
- 2010-18 → 2.1%
- 2019-29 → 3.1% (CBO projection)
- 2049 → 4.2% (CBO projection)

Source: Calculations using the 2019 CBO Long-Term Baseline. Alternative scenarios assume higher interest rates phase-in between 2030 & 2049. Most economists agree that a steeply rising debt will raise interest rates.
Projected New Federal Debt Added by Decade – Unless Reforms are Enacted

<table>
<thead>
<tr>
<th>Decade</th>
<th>Inflation-Adjusted (2019) $Trillions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990s</td>
<td>$1.3</td>
</tr>
<tr>
<td>2000s</td>
<td>$3.9</td>
</tr>
<tr>
<td>2010s</td>
<td>$9.0</td>
</tr>
<tr>
<td>2020s</td>
<td>$13.7</td>
</tr>
<tr>
<td>2030s</td>
<td>$23.6</td>
</tr>
<tr>
<td>2040s</td>
<td>$38.6</td>
</tr>
</tbody>
</table>

Source: CBO 2019 Long-Term Budget Outlook adjusted to reflect the current-policy baseline.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Washington Now Spends More Than $34,000 Per Household

Source: OMB Historical Table 1.1, January 2019 CBO (current-policy) baseline, and Census Bureau data

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Each Household’s Share of the National Debt

Source: OMB Historical Table 7.1, January 2019 CBO (current-policy) Baseline, and Census Bureau.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Federal Spending Will Rise by $304 Billion in FY 2019

*Retirement programs include: Social Security (OASI), Medicare, Civilian Retirement, and Military Retirement.

**$40 billion in 2018 spending was shifted to the end of the 2017, which made 2018 spending appear smaller, and thus the 2019 increase appear larger.

Source: CBO January 2019 Baseline
Chapter 3

Discretionary Spending is Not Driving the Long-Term Debt
Despite Recent Increases, Discretionary Spending Remains Below its Historic Average

Source: OMB Historical Table 8.4, and January 2019 CBO (current-policy) Baseline.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Since 1990, Non-Defense Discretionary Spending Has Grown 3 Times Faster than Defense

(Includes war spending)

Source: OMB Historical Table 8.1, and CBO January 2019 Baseline, converted into 2019 dollars

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Budget Deals Weakened the Budget Control Act (BCA) Discretionary Spending Caps

Source: Congressional Budget Office
Excludes OCO and emergency spending.
Amounts in nominal $billions

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
What Became of the $1,788 Billion in Promised 2013-2021 Discretionary Savings Under the Budget Control Act?

$488 billion was repealed (27%)

$1,015 billion was enacted (57%)

$285 billion was replaced by other savings thru 2029 (16%)*

Figures assume lawmakers stick to the 2020-2021 spending deal.

*Other savings consist of mandatory savings and revenue increases.

Lawmakers also circumvented the caps through the ChIMPs gimmick, and by adding extra defense money to the Iraq & Afghanistan “emergency” bills that do not count against these spending caps.

Source: Calculations based on CBO Data, as of August 2019.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Statutory Budget Caps Sharply Reduce Discretionary Spending – Until They are Ignored After a Few Years

Discretionary Spending (%GDP)

Fiscal Year


0% 2% 4% 6% 8% 10% 12%

Several Multi-year Budget Deals Covered 1986-2002

Budget Control Act, 2013-2021

Stimulus

Baseline

Source: OMB Historical Table 8.4, and January 2019 CBO (current-policy) Baseline.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
The Six Major Deficit-Reduction Deals Since 1983 Relied Mostly on Discretionary Savings

**Combined Components of the 6 Deals**

- Discretionary Savings: 52.8%
- New Taxes: 18.8%
- Interest Savings: 11.9%
- Medicare Provider Cuts: 8.4%
- Other Mandatory Savings: 8.0%

**The 6 Largest Deficit Reduction Deals Since 1983 Were:**

1. 1983 Social Security Deal (Saved 0.52% of GDP)
2. 1985 Gramm-Rudman Hollings Act (1.72%)
3. 1990 Bush “Andrew Air Force Base” Deal (1.45%)
4. 1993 Clinton Budget Deal (1.08%)
5. 1997 Balanced Budget Deal (0.72%)
6. 2011 Budget Control Act (1.01%)

Savings listed as scored at time of enactment. Many cuts were later reversed, and the 1985 law was invalidated by the Supreme Court and replaced with a 1987 version.

Source: Brian Riedl “Getting To Yes: A History Of Why Budget Negotiations Succeed, and Why They Fail” (2019)
Chapter 4

Mandatory Spending and Entitlement
Costs are Rising Rapidly
## Major Components of the 2019 Federal Budget

### 2019 Outlays

<table>
<thead>
<tr>
<th>Component</th>
<th>$Millions</th>
<th>Per Household</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security</td>
<td>$1,046,955</td>
<td>$8,125</td>
<td>23%</td>
</tr>
<tr>
<td>National Defense</td>
<td>684,568</td>
<td>5,312</td>
<td>15%</td>
</tr>
<tr>
<td>Medicare</td>
<td>651,199</td>
<td>5,053</td>
<td>14%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>418,681</td>
<td>3,249</td>
<td>9%</td>
</tr>
<tr>
<td>Net Interest</td>
<td>393,498</td>
<td>3,054</td>
<td>9%</td>
</tr>
<tr>
<td>Income Security Programs</td>
<td>349,458</td>
<td>2,712</td>
<td>8%</td>
</tr>
<tr>
<td>Veterans Benefits</td>
<td>200,458</td>
<td>1,556</td>
<td>4%</td>
</tr>
<tr>
<td>Education</td>
<td>112,863</td>
<td>876</td>
<td>2%</td>
</tr>
<tr>
<td>Justice Administration</td>
<td>71,780</td>
<td>557</td>
<td>2%</td>
</tr>
<tr>
<td>Health Research &amp; Regulation</td>
<td>68,678</td>
<td>533</td>
<td>2%</td>
</tr>
<tr>
<td>Highways &amp; Mass Transit</td>
<td>63,580</td>
<td>493</td>
<td>1%</td>
</tr>
<tr>
<td>International Affairs</td>
<td>54,337</td>
<td>422</td>
<td>1%</td>
</tr>
<tr>
<td>All Else</td>
<td>413,133</td>
<td>3,206</td>
<td>9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,529,188</td>
<td>35,148</td>
<td>100%</td>
</tr>
</tbody>
</table>

### 2019 Revenues

<table>
<thead>
<tr>
<th>Component</th>
<th>$Million</th>
<th>Per Household</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ind. Income Taxes</td>
<td>$1,698,353</td>
<td>$13,180</td>
<td>49%</td>
</tr>
<tr>
<td>Social Insurance Taxes</td>
<td>1,242,405</td>
<td>9,641</td>
<td>36%</td>
</tr>
<tr>
<td>Corporate Taxes</td>
<td>216,194</td>
<td>1,678</td>
<td>6%</td>
</tr>
<tr>
<td>Excise Taxes</td>
<td>98,669</td>
<td>766</td>
<td>3%</td>
</tr>
<tr>
<td>Customs Duties/Fees</td>
<td>69,469</td>
<td>539</td>
<td>2%</td>
</tr>
<tr>
<td>Fed. Reserve Earnings</td>
<td>48,783</td>
<td>379</td>
<td>1%</td>
</tr>
<tr>
<td>Estate/Gift Taxes</td>
<td>19,295</td>
<td>150</td>
<td>1%</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>44,488</td>
<td>345</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>3,437,656</td>
<td>26,677</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: OMB Historical Tables 2.1, 2.4, 2.5, 3.2, and 8.5

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Mandatory Spending is Squeezing Discretionary Spending

Source: OMB Historical Table 8.3

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Social Security, Health Entitlements, & Interest Costs are Driving 92% of the 2008-2029 Spending Hikes

Source: January 2019 CBO (current-policy)
Baseline and historical data, adjusted for inflation

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Federal Budget, 1960-2049 (Projected)

Source: CBO 2019 Long-Term Budget Outlook.

Note: This is the rosy scenario that assumes:
-- no more wars
-- no recessions
-- 2017 tax cuts expire
-- health costs slow down
-- the interest rate paid on the national debt remains far below average even as the debt approaches $100 trillion.

Author: Brian Riedl, Manhattan Institute @Brian_Riedl
What is Causing $80 Trillion 2019-2049 Budget Deficit?
Social Security & Medicare: $103 Trillion Deficit
The Rest of the Budget: $23 Trillion Surplus

Surplus/Deficit in Nominal $Trillions

Source of $80.4 Trillion Budget Deficit Projected over 2019-2049 Period ($Nominal)

Social Security
Blue – Interest Costs Directly Attributable to Program Deficit

Medicare
Purple – Program Deficit

Rest of the Federal Budget

Source: Calculations from CBO 2019 Long-Term Budget Outlook. To inflation adjust, trim amounts by one-third.

Note: Social Security & Medicare deficits are the benefits that must be paid from general revenues because payroll taxes, premiums, and other non-interest trust fund revenues are insufficient. CBO assumes full benefits will continue even after trust fund insolvency.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Cost of 2017 Tax Cuts vs. Major Entitlements Over 30 Years

Source: Calculated using the CBO 2019 Long-Term Budget Outlook and CBO Alternative Scenarios

Author: Brian Riedl,
Manhattan Institute - @Brian_Riedl
Projected 2049 Budget Deficits are Entirely Driven by Social Security & Medicare Shortfalls

Note: 2049 is the final year of the latest CBO 30-year budget projection.

Source: CBO 2019 Long-Term Budget Outlook.
Each outlay category includes portion of national debt interest attributed to its 2019-2049 deficits.

Author: Brian Riedl, Manhattan Institute - @Brian_Riedl
Social Security’s Cash Shortfalls are Driven by Retiring Baby Boomer Costs and Resulting Interest Costs

Source: Calculated using CBO 2019 Long-Term Baseline. Revenues do not include trust fund interest transfers. Interest costs are those directly attributable to Social Security’s annual deficits over this period.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Medicare’s Cash Shortfalls are Driven by Soaring Benefit Costs and Resulting Interest Costs

Source: Calculated using CBO 2019 Long-Term Baseline. Outlays are net of premiums paid. Interest costs are those directly attributable to Medicare's annual deficits over this period.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Social Security Faces a $31 Trillion Shortfall over 30 Years - $28 Trillion if Including the Trust Fund

Source: Calculated using the CBO 2019 Long-Term Budget Outlook. Interest costs reflect those directly attributable to 2019-2049 Social Security shortfalls.

Author: Brian Riedl, Manhattan Institute - @Brian_Riedl
Medicare Faces a $72 Trillion Cash Shortfall Over the Next 30 years

Medicare’s $72 shortfall equals 89% of the total federal budget deficit projected by CBO over the 2019-2049 period.

Annual projected shortfall:
2019: 1.7% of GDP
2049: 4.6% of GDP (8.3% including interest cost).

Source: Calculated using the CBO 2019 Long-Term Budget Outlook. Benefits are net of senior premiums. Interest costs reflect those directly attributable to 2019-2049 Medicare shortfalls.

Author: Brian Riedl, Manhattan Institute
@Brian_Riedl
The Typical Retiring Couple Will Receive $3 in Medicare Benefits for Every $1 Paid into the System – and Also Come Out Ahead in Social Security.
Social Security’s Deficits Will Steeply Increase, While Medicare Also Faces Rising Deficits

Source: January 2019 CBO Baseline Supplemental Trust Fund Tables.
Excludes general revenue transfers into the programs, such as interest payments.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Medicare and Social Security Trust Funds Face Bankruptcy in 7 and 13 Years, Respectively

Source: January 2019 CBO Baseline Supplemental Trust Fund Tables.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Anti-Poverty Spending Has Soared Regardless of Party Control of Government

**Chart Description:**
- **Y-axis:** Federal Spending (%GDP)
- **X-axis:** Fiscal Year (1962-2018)
- **Categories:**
  - Cash & Other Aid
  - Food Aid
  - Housing
  - Health Care

**Key Points:**
- Federal spending on anti-poverty programs has significantly increased over the years.
- **High points:**
  - 4.2% in 2010 (Cash & Other Aid)
  - 3.9% in 2019 (Cash & Other Aid)
  - 3.2% in 2000 (Food Aid)
  - 2.6% in 2008 (Housing)

**Source:** OMB Historical Tables 3.2, 8.5, and 10.1

**Author:** Brian Riedl, Manhattan Institute -- @Brian_Riedl
From 2001 through 2017, SNAP (Food Stamp) Caseloads Grew Nearly 7 Times as Fast as the Poverty Population

Sources: Department of Agriculture and Census Bureau. The poverty rate increased from 11.7% to 12.3% over this period.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
In 2017, Washington Made $137 Billion in Improper Payments

- Medicaid: $36 billion
- Medicare Fee-for-Service: $32 billion
- Earned Income Tax Credit (EITC): $18 billion
- Medicare Advantage (Part C): $16 billion
- Other High-Risk Programs: $35 billion

Source: OMB at https://paymentaccuracy.gov/

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Veterans’ Programs Have Earned Healthy Funding Increases

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Inflation-Adjusted (2019) $Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$62</td>
</tr>
<tr>
<td>2010</td>
<td>$126</td>
</tr>
<tr>
<td>2019</td>
<td>$200</td>
</tr>
</tbody>
</table>

Source: OMB Historical Table 3.2, adjusted for inflation

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
### Why the Debt Limit Matters

All 8 Major Deficit-Reduction Laws Since 1985 Were Attached to Debt Limit Legislation

<table>
<thead>
<tr>
<th>Year</th>
<th>Major Deficit-Reduction Law</th>
<th>Attached to Debt Limit?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>Gramm-Rudman-Hollings Deficit Caps</td>
<td>✓</td>
</tr>
<tr>
<td>1987</td>
<td>Gramm-Rudman-Hollings Deficit Caps II</td>
<td>✓</td>
</tr>
<tr>
<td>1990</td>
<td>Bush Tax Increases &amp; Spending Caps</td>
<td>✓</td>
</tr>
<tr>
<td>1993</td>
<td>Clinton Deficit Reduction Package</td>
<td>✓</td>
</tr>
<tr>
<td>1996</td>
<td>Line-Item Veto Act (<em>later struck down by Supreme Court</em>)</td>
<td>✓</td>
</tr>
<tr>
<td>1997</td>
<td>Balanced Budget Act</td>
<td>✓</td>
</tr>
<tr>
<td>2009</td>
<td>Statutory Pay-As-You-Go Act</td>
<td>✓</td>
</tr>
<tr>
<td>2011</td>
<td>Budget Control Act (Cutting $2.1 Trillion)</td>
<td>✓</td>
</tr>
</tbody>
</table>

Source: Compiled by the Committee For a Responsible Federal Budget

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Chapter 5

Can’t We Just Raise Taxes, Cut Defense, and Nationalize Health Care Instead?
Federal Budget, 1960-2049 (Projected)

Note: This is the rosy scenario that assumes:
-- no more wars
-- no recessions
-- 2017 tax cuts expire
-- health costs slow down
-- the interest rate paid on the national debt remains far below average even as the debt approaches $100 trillion.

Source: CBO 2019 Long-Term Budget Outlook.
### No “Easy” Pay-Fors for Social Security & Medicare: Programs Face Shortfalls of 6% of GDP by 2040s

<table>
<thead>
<tr>
<th>Tax Proposals (static scoring)</th>
<th>10-Yr Savings ($Billions)</th>
<th>Long-Term Savings (%GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raise Payroll Tax by 10 Percentage Points, no wage limit</td>
<td>$8,982</td>
<td>3.60%</td>
</tr>
<tr>
<td>Impose a 20% Value-Added Tax (VAT) – like a national sales tax</td>
<td>$7,680</td>
<td>3.35%</td>
</tr>
<tr>
<td>Raise Income Tax Rates Across-the-Board by 10 Percentage Points</td>
<td>$9,054</td>
<td>3.30%</td>
</tr>
<tr>
<td>Double 35% and 37% Tax Brackets to 70% and 74% (plus 15% state/payroll)*</td>
<td>$4,504</td>
<td>1.70%</td>
</tr>
<tr>
<td>Repeal All Itemized Tax Deductions</td>
<td>$1,312</td>
<td>0.99%</td>
</tr>
<tr>
<td>Raise Corporate Tax Rate by 20 Percentage Points</td>
<td>$1,926</td>
<td>0.87%</td>
</tr>
<tr>
<td>Eliminate FICA Cap – 15.3% Payroll Tax on All Wages (data from SSA)</td>
<td>$1,959</td>
<td>0.85%</td>
</tr>
<tr>
<td>Repeal Entire 2017 Tax Law (CurPol baseline) (data from CBO/JCT)</td>
<td>$1,712</td>
<td>0.70%</td>
</tr>
<tr>
<td>Carbon Tax of $25/Metric Ton – no rebate for households hit</td>
<td>$1,099</td>
<td>0.43%</td>
</tr>
<tr>
<td>Impose a Tax on Financial Transactions</td>
<td>$777</td>
<td>0.37%</td>
</tr>
<tr>
<td>Tax Dividends &amp; Long-Term Capital Gains as Ordinary Income</td>
<td>$593</td>
<td>0.23%</td>
</tr>
<tr>
<td>Impose &quot;Bank Tax&quot; on Large Financial Institutions</td>
<td>$103</td>
<td>0.03%</td>
</tr>
<tr>
<td>30% Minimum &quot;Buffett Tax&quot; for Millionaires</td>
<td>$66</td>
<td>0.03%</td>
</tr>
<tr>
<td>Tax Carried Interest as Ordinary Income</td>
<td>$14</td>
<td>0.01%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Spending Proposals</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cut Defense Budget to European Levels (data from CBO baseline)</td>
<td>$2,628</td>
<td>1.00%</td>
</tr>
<tr>
<td>Sanders Medicare-For-All Proposal (per Urban Institute, Mercatus, and Emory U.)</td>
<td></td>
<td>Adds Costs</td>
</tr>
</tbody>
</table>

Source: Dec. 2018 CBO “Budget Options” book unless otherwise noted.
These static estimates do not account for revenues lost to the economic impact. Combining policies may also create interaction effects or duplicate the same policies, so these cannot be summed.

Author: Brian Riedl, Manhattan Institute @Brian_Riedl
Defense is Not Driving the Deficit – and Even Eliminating It Completely Would Not Come Close to Financing Soaring Long-Term Entitlement Costs

Source: OMB Historical Tables 3.2, and 10.1; and CBO 2019 Long-Term Outlook.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Even 100% Tax Rates on Small Businesses and Upper-Income Families Could Not Come Close to Balancing the Long-Term Budget

Source: CBO 2019 Long-Term Budget Outlook adjusted into current-policy baseline and analysis of IRS 2017 (latest year) income tables

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
“Tax-the-Rich” Policies Could Finance Less than $4 Trillion of the $40 Trillion in Promised Spending

<table>
<thead>
<tr>
<th>Tax Set at Revenue-Maximizing Level</th>
<th>Rosy Revenues</th>
<th>Realistic Revenues</th>
<th>Source: Rosy/Realistic</th>
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<tbody>
<tr>
<td>70% Income Tax Rate over $10 Million</td>
<td>$292</td>
<td>$189</td>
<td>Tax Foundation</td>
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<tr>
<td>Eliminate FICA Cap – 15.3% Payroll Tax on All Wages</td>
<td>$1,959</td>
<td>$1,763</td>
<td>CBO / CBO-10% Feedback Loss</td>
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<tr>
<td>Tax Dividends &amp; Long-Term Cap. Gains as Ordinary Income</td>
<td>$593</td>
<td>$398</td>
<td>CBO / CBO-33% Feedback Loss</td>
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<tr>
<td>Sen. Warren Wealth Tax of 2% to 3%</td>
<td>$2,750</td>
<td>$368</td>
<td>Campaign / Lawrence Summers et. al</td>
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<tr>
<td>Sen. Sanders Estate Tax of 77%</td>
<td>$315</td>
<td>$211</td>
<td>Campaign / Campaign-33% Tax Avoidance</td>
</tr>
<tr>
<td>Sen. Warren Corp. Tax Increase</td>
<td>$872</td>
<td>$476</td>
<td>Tax Foundation</td>
</tr>
<tr>
<td>Financial Transactions Tax of 0.1%</td>
<td>$777</td>
<td>$208</td>
<td>CBO / Tax Policy Center Economists</td>
</tr>
<tr>
<td>Bank Tax of 0.15%</td>
<td>$103</td>
<td>$103</td>
<td>CBO</td>
</tr>
<tr>
<td>Tax Carried Interest as Ordinary Income</td>
<td>$14</td>
<td>$14</td>
<td>CBO</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,675</strong></td>
<td><strong>$3,730</strong></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
- Amounts are in $billions over ten years.
- CBO estimates typically exclude economic effects, which become larger the higher the tax rises.
- The payroll tax hike would raise highest marginal tax rate (federal + state + payroll) to as high as 60%, which is approximately the revenue-maximizing level.
- Adding the 70% tax rate over $10 million produces a combined marginal tax rate over 90%.
Democratic Presidential Spending Proposals Would Cost Between $37 Trillion & $72 Trillion Over the Decade

<table>
<thead>
<tr>
<th>Common Presidential Spending Proposal</th>
<th>Low*</th>
<th>High*</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare-For-All</td>
<td>$32.0</td>
<td>$40.0</td>
<td>Sanders recently conceded this cost range</td>
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<tr>
<td>Climate and Clean Energy</td>
<td>$2.0</td>
<td>$16.3</td>
<td>Sanders is the high figure</td>
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<tr>
<td>Government Job Guarantee</td>
<td>—</td>
<td>$6.8</td>
<td>Sanders proposal, scored by CBPP**</td>
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<tr>
<td>Free Public College Tuition &amp; Loan Forgiveness</td>
<td>$1.5</td>
<td>$3.0</td>
<td>Low figure reflects partial loan forgiveness</td>
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<tr>
<td>Social Security Expansion</td>
<td>$0.5</td>
<td>$2.0</td>
<td>Warren &amp; Sanders are the high figure</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>$0.1</td>
<td>$2.0</td>
<td>Sanders is the high figure</td>
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<tr>
<td>Infrastructure Buildup</td>
<td>$1.0</td>
<td>$1.0</td>
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<tr>
<td>Universal Child Care &amp; Paid Family/Medical Leave</td>
<td>$0.3</td>
<td>$1.0</td>
<td></td>
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<tr>
<td>Teacher Pay and K-12 funding</td>
<td>$0.1</td>
<td>$0.5</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal: New Spending Proposals</strong></td>
<td>$37.5</td>
<td>$72.6</td>
<td>Baseline is $60 trillion spending over 2020-2029</td>
</tr>
<tr>
<td>CBO Baseline Budget Deficit</td>
<td>$15.5</td>
<td>$15.5</td>
<td>CBO (current policy) baseline, 2020-2029</td>
</tr>
<tr>
<td><strong>Total Federal Budget Deficit</strong></td>
<td>$53.0</td>
<td>$88.1</td>
<td>Out of a $262 trillion projected GDP (CBO)</td>
</tr>
</tbody>
</table>

**Popular Spending Offsets**

| Cut Defense to European Levels                          | -$2.6 | -$2.6 | Baseline is 3% of GDP. NATO target is 2%                             |
| Medicare-For-All - Capture State Govt Savings           | -$3.0 | -$3.0 | It is not clear Washington could capture this                        |
| **Remaining Budget Shortfall To Fill**                  | $47.4 | $82.5 | Requires > Doubling $44T in Federal Revenues                         |

*All figures are over ten years, and in $trillions.

**Absurdly-low jobs guarantee score assumes only 9.7 million people sign up, even though generous proposal would provide a higher income for roughly 70 million Americans.
Popular Campaign Promises Would Bring $57 Trillion Shortfall – Which Taxing the Rich Cannot Close

Other proposals consist of:
- Climate spending ($2T)
- Student loan relief & free college ($3T)
- Social Security expansion ($2T)
- Infrastructure, housing, family leave, child care, K-12, and other ($2T)

Note: Sen. Sanders would spend an additional $25T on a larger Medicare-For-All plan, climate plan, and government job guarantee.

Source: January 2019 CBO (current-policy) budget baseline, and proposal scores based on data from CBO, Urban Institute, Tax Foundation, Tax Policy Center, and the campaigns themselves.

Author: Brian Riedl, Manhattan Institute @Brian_Riedl
No, Defense Cuts & Taxing Millionaires Cannot Finance Current Deficit or Liberal Wishlist

Sources: Author calculations using data from CBO, Treasury, liberal candidates, and liberal think tanks
Common Tax Hike Proposals Would Close Just 2% of the Budget Deficit – or Lose Revenue if They Trim Economic Growth Rates by Even 0.1%

Source: CBO January 2019 (current-policy) Baseline, and tax proposals scored by CBO.

OMB estimates that a 0.1% fall in annual economic growth costs the federal government $292 billion in revenues over the decade.
Single-Payer Health Plans Do Not Save Money
They Would Require Huge Per-Household Tax Increases

Source: Public scores of Vermont and California bills, and Colorado Health Institute data. Sanders calculated from Urban Institute 2016 score of plan

Author: Brian Riedl, Manhattan Institute @Brian_Riedl
Chapter 6

Tax Revenues Will Continue Growing Faster Than the Economy
Rising Spending – Not Falling Revenues – Drives the Long-Term Deficit

Source: CBO 2019 Long-Term Budget Outlook, adjusted into current-policy baseline

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Income Tax Revenues Have Remained Relatively Constant Regardless of the Top Tax Rate

Source: OMB Historical Table 2.3, and U.S. Treasury SOI Tax Stats – Historical Table 23

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Individual Income Tax Revenues Will Rise – Even With the Tax Cuts – Due to Real Bracket Creep & Taxable Retirement Distributions

Source: OMB Historical Table 2.3, and January 2019 CBO (current-policy) Baseline. Real bracket creep is when rising incomes (above inflation) push taxpayers into higher tax brackets, raising their average tax rate.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
High Capital Gains Tax Rates Have Not Produced More Revenue

Correlation: -0.31

Top Capital Gains Tax Rate

Capital Gains Tax Revenues (%GDP)

Fiscal Year


Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Before the TCJA Cut it to 26% (incl. 5% State Taxes)
U.S. had the Highest Corporate Tax Rate in the OECD

Source: OECD Stats (2019), Tax Table II.1. Tax rates include federal, state, province and local corporate taxes.

Notes: While all countries allow businesses to reduce their taxes through exemptions, deductions, and credits, the U.S. has been among the highest effective corporate tax rates too.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
The U.S. has Finally Caught Up With the Rest of the OECD on Corporate Tax Competitiveness

Source: OECD Stats (2019), Tax Table II.1. Tax rates include federal, state, province and local corporate taxes.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
The Economy Matters More:
President Obama Oversaw $500 Billion in New Taxes – and Also Lost $3.2 Trillion to Economic Downgrades

Source: Congressional Budget Office data. Between January 2009 and January 2017, Congress and President Obama enacted legislation adding $516 billion to 2009-2019 revenues (against a current-policy baseline). During that same period, the unexpectedly-weak economic recovery and related technical estimates reduced 2009-19 revenues by $3,153 billion. Note that the initial January 2009 CBO baseline had already incorporated the projected 2009-19 revenue losses from the recession. These additional economic downgrades reflect the weak recovery, particularly in the later years.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
### Tax Proposals (static scoring)

<table>
<thead>
<tr>
<th>Proposal</th>
<th>10-Yr Savings ($Billions)</th>
<th>Long-Term Savings (%GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raise Payroll Tax by 10 Percentage Points, no wage limit</td>
<td>$8,982</td>
<td>3.60%</td>
</tr>
<tr>
<td>Impose a 20% Value-Added Tax (VAT) – like a national sales tax</td>
<td>$7,680</td>
<td>3.35%</td>
</tr>
<tr>
<td>Raise Income Tax Rates Across-the-Board by 10 Percentage Points</td>
<td>$9,054</td>
<td>3.30%</td>
</tr>
<tr>
<td>Double 35% and 37% Tax Brackets to 70% and 74% (plus 15% state/payroll)*</td>
<td>$4,504</td>
<td>1.70%</td>
</tr>
<tr>
<td>Repeal All Itemized Tax Deductions</td>
<td>$1,312</td>
<td>0.99%</td>
</tr>
<tr>
<td>Raise Corporate Tax Rate by 20 Percentage Points</td>
<td>$1,926</td>
<td>0.87%</td>
</tr>
<tr>
<td>Eliminate FICA Cap – 15.3% Payroll Tax on All Wages (data from SSA)</td>
<td>$1,959</td>
<td>0.85%</td>
</tr>
<tr>
<td>Repeal Entire 2017 Tax Law (CurPol baseline) (data from CBO/JCT)</td>
<td>$1,712</td>
<td>0.70%</td>
</tr>
<tr>
<td>Carbon Tax of $25/Metric Ton – no rebate for households hit</td>
<td>$1,099</td>
<td>0.43%</td>
</tr>
<tr>
<td>Impose a Tax on Financial Transactions</td>
<td>$777</td>
<td>0.37%</td>
</tr>
<tr>
<td>Tax Dividends &amp; Long-Term Capital Gains as Ordinary Income</td>
<td>$593</td>
<td>0.23%</td>
</tr>
<tr>
<td>Impose &quot;Bank Tax&quot; on Large Financial Institutions</td>
<td>$103</td>
<td>0.03%</td>
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<tr>
<td>30% Minimum &quot;Buffett Tax&quot; for Millionaires</td>
<td>$66</td>
<td>0.03%</td>
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<tr>
<td>Tax Carried Interest as Ordinary Income</td>
<td>$14</td>
<td>0.01%</td>
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</table>

Source: Dec. 2018 CBO “Budget Options” book unless otherwise noted.

These static estimates do not account for revenues lost to the economic impact. Combining policies may also create interaction effects or duplicate the same policies, so these cannot be summed.
Chapter 7

The Tax Code Has Become Increasingly Progressive
The Federal Tax Code Remains Progressive

Source: U.S. Treasury, Office of Tax Analysis.
Data represents 2019 Distribution of Tax Burden, Current Law

Author: Brian Riedl,
Manhattan Institute - @Brian_Riedl
Average Federal Tax Rate Paid by Income Category, 1979-2013

Note: Includes federal income, payroll, corporate, and excise taxes paid.

Source: CBO "Distribution of Household Income and Federal Taxes" (2016)

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
The Federal Tax Burden (For All Combined Taxes) Has Grown More Progressive Over Time

Percentage of Federal Tax Burden Financed by Income Quintile

Fiscal Year


Top 20% 69%
Second 20% 17%
Middle 20% 9%
Fourth 20% 4%
Bottom 20% 1%

Source: CBO "Distribution of Household Income and Federal Taxes" (2016)

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
The Highest-Earning 20 Percent of Taxpayers Pay 88 Percent of All Federal Individual Income Taxes

Source: CBO "Distribution of Household Income and Federal Taxes" (2016)

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Even Controlling for Income Inequality, Income Taxes Have Become More Progressive, With the Highest-Earning 20 Percent Increasing Their Income Tax Share

"Progressivity ratio" refers to the share of all individual income taxes paid divided by the share of pre-tax income earned. So a group that pays 40% of the taxes while earning 20% of the income has a progressivity ratio of 2. Ratios above 1 represent tax burdens exceeding their share of the income, while ratios below 1 represent tax burdens below their income share. Negative figures reflect a negative tax burden.

Source: Calculations using CBO "Distribution of Household Income and Federal Taxes" (2016)

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Even Controlling for Income Inequality, the U.S. Has the Most Progressive Income/Payroll Tax Code in the OECD

Source: OECD (2008) and Tax Foundation. The U.S tax code has since become even more progressive. Figures also exclude value-added taxes that make many other OECD nations’ tax codes even less progressive.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Chapter 8

Countering Tax, Spending, & Deficit Myths of the 1980s Through 2008
The Reagan Tax Cuts Did Not Starve the Government – Spending Worsened the 1980s Deficits

Source: OMB Historical Table 1.3

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
Why Did 1980s Budget Deficits Exceed the 1970s Deficits?

1970s Average Percentage of GDP: Revenue 17.4%, Spending 19.4%, Deficit: 2.0%
1980s Average Percentage of GDP: Revenue 17.8%, Spending 21.6%, Deficit: 3.8%

Federal Spending (Percentage of GDP)

- **Defense**
  - 1970s: 5.7%
  - 1980s: 5.6%
  - Fell during 1970s, rose back during 1980s

- **Non-Defense Discretionary**
  - 1970s: 4.3%
  - 1980s: 4.0%

- **Social Security & Medicare**
  - 1970s: 4.4%
  - 1980s: 5.8%

- **Other Entitlement Programs**
  - 1970s: 3.6%
  - 1980s: 3.6%

- **Interest on Debt**
  - 1970s: 1.4%
  - 1980s: 2.7%

1980s increase:
- 60% - added debt
- 40% - higher interest rates

Source: OMB Historical Table 8.4, and interest rate calculations using the Economic Report of the President Table B-25.

Author: Brian Riedl, Manhattan Institute - @Brian_Riedl
To the Extent it Contributed to the Soviet Collapse, the 1980s Defense Buildup Eventually Paid for Itself

![Graph showing defense spending as a percentage of GDP from 1980 to 2000.](image)

- **Initial 1980 Baseline of 4.8% of GDP**
- **1981-1991 Cold War Buildup:** Average of 5.5% of GDP (0.7% above 1980 Baseline)
- **1992-2001 Post-Cold War Wind Down:** Average of 3.5% of GDP (1.3% below 1980 baseline)

Source: OMB Historical Tables 3.2, and 10.1

Note: Some believe that America’s 1980s defense buildup pushed the Soviets into an unaffordable arms race that contributed to its economic problems and ultimately a more accommodating posture towards the West, each of which contributed to Soviet destabilization and collapse.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
The 1990s Budget Was Balanced by an Economic Boom and the Cold War Peace Dividend (and by Washington Not Spending All the Savings)

Revenues Jumped 2.9% of GDP

Spending Fell 3.9% of GDP

Change in Percentage of GDP

Change Between 1992 Peak Deficit of 4.5% of GDP, and 2000 Peak Surplus of 2.3% of GDP

Source: OMB Historical Tables 2.3, 3.2, and 10.1; and the CBO (1993) score of tax increases

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
The May 2003 Supply-Side Tax Rate Cuts Were More Successful Than They are Credited For

Source: BEA, BLS, S&P. The 2003 tax cuts reduced marginal tax rates for families, small businesses, & investors. The less-successful 2001 tax cuts were more rebate-based. The 2007 housing crash that ended this mini-boom was unrelated to these tax policies.

Author: Brian Riedl, Manhattan Institute @Brian_Riedl
The “Bush Tax Cuts” for Upper-Income Taxpayers Caused Only 7% of the 2001-2011 Fiscal Decline Under President Bush

Note: When President Bush took office, CBO forecast a $5.9 trillion surplus over the FY 2001-2011 period.

When he left office in January 2009, CBO was showing a $4.4 trillion deficit over that same decade.

This chart accounts for the $10.3 trillion fiscal decline.

Source: Calculations based on a CBO June 2012 report, and CBO baseline updates over 2001-11 period. Tax distribution data was estimated using Treasury data accumulated by the Tax Policy Center. Each category’s cost includes its resulting net interest expenses.

Author: Brian Riedl, Manhattan Institute @Brian_Riedl
## President Bush Oversaw a $10.3 Trillion Decline from the Inherited 2001-2011 Budget Projections

### Legislative Changes

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>&quot;Bush Tax Cuts&quot; - Earners Over $250k</td>
<td>-22</td>
<td>-12</td>
<td>-48</td>
<td>-82</td>
<td>-74</td>
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<td>-78</td>
<td>-81</td>
<td>-88</td>
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<td>Defense Spending</td>
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<td>-85</td>
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<td>-294</td>
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<td>Non-Defense Discretionary Spending</td>
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<td>-17</td>
<td>-34</td>
<td>-46</td>
<td>-74</td>
<td>-91</td>
<td>-83</td>
<td>-107</td>
<td>-120</td>
<td>-118</td>
<td>-114</td>
<td>-802</td>
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<td>AMT Patch, Tax Extenders, Other Tax Changes</td>
<td>-1</td>
<td>-44</td>
<td>-44</td>
<td>-33</td>
<td>-12</td>
<td>-12</td>
<td>-55</td>
<td>-89</td>
<td>-129</td>
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<td>Medicare Prescription Drug Program</td>
<td>0</td>
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<td>-4</td>
<td>-6</td>
<td>-29</td>
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<td>-56</td>
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<td>TARP Financial Bailouts</td>
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<td>-194</td>
<td>-16</td>
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<td>Economic Stimulus Act of 2008</td>
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<td>0</td>
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<td>-160</td>
<td>-25</td>
<td>3</td>
<td>0</td>
<td>-181</td>
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<td>Other Entitlement Reforms</td>
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<td>-14</td>
<td>-36</td>
<td>-29</td>
<td>-36</td>
<td>-51</td>
<td>-44</td>
<td>-41</td>
<td>-74</td>
<td>-52</td>
<td>-46</td>
<td>-432</td>
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</tbody>
</table>

### Economic & Technical Re-estimates

|--------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------------|

### CBO January 2009 Budget Surplus/Deficit

|--------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------------|

### Memorandum

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</thead>
<tbody>
<tr>
<td>Legislative Changes</td>
<td>-87</td>
<td>-150</td>
<td>-358</td>
<td>-514</td>
<td>-540</td>
<td>-614</td>
<td>-696</td>
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<td>-1,199</td>
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<tr>
<td>Total Deficit Changes</td>
<td>-154</td>
<td>-469</td>
<td>-735</td>
<td>-809</td>
<td>-752</td>
<td>-754</td>
<td>-735</td>
<td>-1,095</td>
<td>-1,895</td>
<td>-1,500</td>
<td>-1,386</td>
<td>-10,285</td>
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</tbody>
</table>

Source: Author calculations based on a CBO June 2012 report, and CBO baseline updates over 2001-11 period. Positive numbers add to deficit, negative numbers reduce deficit. Legislative changes include associated interest costs and savings. Ending 2000-2011 figures represent estimates on January 2009 when President Bush left office.


Author: Brian Riedl, Manhattan Institute
@Brian_Riedl
Chapter 9

A Comprehensive Accounting of the Obama Fiscal Record
President Obama Oversaw 2009-2019 Budget Deficits
$4.6 Trillion Beyond the Inherited Baseline

Note: The January 2009 CBO baseline already incorporated the 10-year effects of the 2007-2009 recession, and the policies inherited from President Bush.

The added Obama deficits consist of $5 trillion in new legislation, partially offset by $400 billion saved by the sluggish recovery, as lower interest rates and thus interest costs offset the lower revenues.

Source: CBO data. FY 2017-2019 "actuals" reflect CBO baseline as of January 2017, and thus reflect the deterioration of the full ten-year budget picture.


Author: Brian Riedl, Manhattan Institute @Brian_Riedl
Under President Obama, the 2009-2019 Deficit Worsened by $4.6 Trillion Relative to the Inherited January 2009-19 Baseline

Source: Author calculations based on CBO baseline updates and bill scores. Positive figures reduce the deficit, negative figures worsen the deficit. The January 2009 baseline already incorporated the long-term effects of the recession. Subsequent economic downgrades reflect the unexpectedly-weak recovery after the recession ended. See “Obama’s Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits,” by Brian Riedl.

Author: Brian Riedl, Manhattan Institute -- @Brian_Riedl
President Obama Oversaw a $4.6 Trillion Decline from the Inherited 2009-2019 Budget Projections

|-----------------------------------|------|------|------|------|------|------|------|------|------|------|------|--------|

Legislative Changes

- **Renewing Pre-2009 Tax Policies**
  - 2009 ARRA Stimulus
    -163
- **Subsequent Stimulus and Recession Relief**
  -7
- **Renewing Pre-2009 Health Laws**
  0
- **Other Mandatory Spending Legislation**
  -7
- **Hurricane Sandy Relief**
  0
- **BCA Mandatory Sequesters**
  0
- **Affordable Care Act**
  0
- **Other Revenue Legislation**
  4
- **Other Discretionary Spending and OCO Reforms**
  -18

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**Actual Deficits and January 2017 Baseline Deficit**

-1,413

Memorandum

- **Total Legislative Changes**
  -219
- **Total Economic and Technical Re-estimates**
  -8
- **Total Deficit Changes**
  -227

Source: “Obama’s Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits,” by Brian Riedl (based on CBO data). Positive numbers add to deficit, negative numbers reduce deficit. Legislative changes include associated interest costs and savings. Ending 2017-2019 figures represent estimates as of January 2017 when President Obama left office.

Author: Brian Riedl, Manhattan Institute @Brian_Riedl
Tax Revenue Impact of CBO Economic Growth Downgrades (and Upgrades) Under President Obama

Note: Consists of gained/lost revenues specifically resulting from economic growth upgrades and downgrades between March 2009 and January 2017. Post-2016 figures reflect latest estimates.


Author: Brian Riedl, Manhattan Institute @Brian_Riedl
CBO Economic Downgrades Under President Obama Have Sharply Lowered Interest Rates and Therefore Net Interest Costs

Note: Consists of net interest savings directly attributed to lower interest rates from economic downgrades occurring between March 2009 and January 2017. Post-2016 figures reflect latest estimates.

President Obama’s Eight Annual Budget Requests
Proposed Large Tax and Spending Increases

Source: OMB, President’s Budget Proposals, FY 2010 - FY 2017. Includes new proposals hidden in the budget baseline, and excludes OCO proposals due to the lack of a plausible baseline to score them against. Also excludes current-policy extensions of long-time tax cuts and Medicare payment rates. See “Obama’s Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits,” by Brian Riedl.

Author: Brian Riedl, Manhattan Institute @Brian_Riedl
The Obama Spending Spree Ended When the GOP Took the House in 2011

New Spending Enacted by Year – Excluding Basic Renewals of Existing Tax, Health, and Unemployment Policies

Nominal $Billions

Source: Author calculations based on CBO and JCT bill scores. Discretionary spending figures exclude emergency appropriations for OCO (which would otherwise show even larger 2011-2016 savings) and Hurricane Sandy. See “Obama’s Fiscal Legacy: A Comprehensive Overview of Spending, Taxes, and Deficits,” by Brian Riedl.

Author: Brian Riedl, Manhattan Institute @Brian_Riedl