United States Annual Budget Deficits and Federal Debt: Status, Future, Consequences for Future Generations, and Steps to Mitigate Future Consequences

Summary

On January 1, 2024, the total Federal Debt incurred by the United States (U.S.) government was about $34 trillion and growing rapidly. This Debt will unjustly burden future generations and jeopardize the long-term prosperity and security of our country. For example, the U.S. is on a path to a Federal Debt of over $150 trillion by 2053 and over 1 in 3 tax dollars will be needed for unproductive interest payments on the Debt. The U.S. Congress is not addressing this important issue. The Congressional Budget Office (CBO) publication "Federal Debt: A Primer"[1] concludes its "Consequences of Growth in the Debt Section" by stating:

> "to put debt on a sustainable path, lawmakers would need to significantly change tax and spending policies—increasing revenues more than under current law, reducing spending below projected amounts, or adopting some combination of those approaches. In all likelihood, the more time that passes before changes are made, the greater the burden those changes will place on future generations."

Legislators will need to work to identify and mitigate government waste and inefficiency; vote for policies and legislation to increase revenues and reduce spending (spend less, spend smarter); and make difficult, sometimes politically unpopular decisions. Initial actions to increase revenues and reduce spending should include pursuing tax evaders (who avoid an estimated $1 trillion a year) and policies that synergize with efforts to reduce Healthcare costs and mitigate Climate Change. The U.S. currently has low unemployment, steady economic growth, and inflation near target levels. Now is an appropriate time to begin addressing the Debt so the U.S. will be better positioned to deal with potential economic disruptions in the future.

This document includes an overview of 1.) historical and projected annual Budgets Deficits and Federal Debt growth; 2.) a breakdown of government expenditures and revenues; 3.) a review of the long-term impacts of large Debt and its burden on future generations; 4.) a presentation of options and recommendations to reduce annual Budget Deficits and Debt growth; and 5.) a discussion of steps needed to implement some of these options. Attachment A is a review of the impact of supply-side economic policies. In this paper, explanatory footnotes are indicated by superscript roman numerals and referenced documents by superscript Arabic numerals and listed at the end of the document.

1.0 Historical Annual Budget Deficits and Debt and Projected Debt Growth[I]

Key Takeaways*: The U.S. Budget Deficit for fiscal year 2023[II] was about $1.7 trillion (T) or about 6.3% of annual Gross Domestic Product[III] (GDP) and the Gross Federal Debt at the end of 2023 was about $33T (124% of GDP). Assuming tax and spending laws and policies generally remain unchanged, the*

[I] Data projections presented in this section are from CBO and U.S. Treasury documents published at different dates, and projections published at different dates may differ due to changes in underlying data. Future projections would be expected to differ slightly from present day projections.

[II] All years referenced in this document are fiscal years for the U.S. government. Fiscal years end on September 30 of the calendar year. For example, the 2023 fiscal year began on October 1, 2022, and ended September 30, 2023

[III] The annual value of all final goods and services produced within U.S. borders. GDP components are personal consumption expenditures, gross private domestic investment, net exports of goods and services, and government consumption expenditures and gross investment.

Debt is projected to grow to over $150T (190% of GDP) by 2053. The Trust Funds for Social Security and Medicare are projected to become insolvent in 2033 and 2031, respectively, and benefit payments will be reduced unless action is taken.

The U.S. government has run annual Budget Deficits (government outlays/spending exceed revenues) for 46 of the past 50 years. Figure 1 is CBO data showing annual outlays and revenues from 1974 to 2023 and the resulting annual Deficits. For the past 50 years, average outlays have exceeded average revenues by 21% or 3.7% of GDP. From 1974 to 2008, the Budget Deficit grew at a relatively modest overall average annual rate of 2.5%. During these years there was a Deficit spike, largely driven by tax cuts and increased government borrowing, from 1981-1993 under supply-side or "trickle-down" economic policies. A rationale for implementing supply-side policies has been that the tax rate cuts would essentially "pay for themselves" because the increased economic output and associated taxable income would offset the lower tax rates and result in tax revenues similar to the pre-tax cut revenues. However, these policies proved to be ineffectual as the anticipated increase in taxable income to offset the tax cuts was not realized (see Appendix A "Impact of Supply-Side Economic Policies"). The negative impact of these unsuccessful policies was moderated with the Clinton-era tax increases (1993-2001) that lead to annual Budget Surpluses and Debt (as a percent of GDP) reduction. Supply-side economic policies were again implemented in 2001, and from 2002-2007 the trend of Debt reduction was reversed and annual Budget Deficits resumed. Most recently, Budget Deficits ramped up markedly with measures to counter the financial crisis (2009-2012) and for Covid relief spending (2000-2001).

Figure 1. Federal Revenues and Outlays for Fiscal Years 1974 to 2023[2]

The result of Deficit spending is that at the end of FY 2023, the accumulated Gross Federal Debt[IV V VI] was about $33T[3], or about 124% of GDP. The CBO projects that the Federal Debt will grow rapidly over the next 30 years. The 2023 Budget Deficit was about $1.7T (6.3% of GDP),[2] and "assuming that existing laws and policies governing taxes and spending generally remain unchanged", the Deficit for

[IV] Gross Federal Debt = Debt held by the Public + Intragovernmental Debt

[V] Debt held by the Public = the cumulative amount that the government owes to other entities (e.g., individuals, corporations, state or local governments, the Federal Reserve Banks, and foreign governments). It primarily consists of Treasury securities (bills, notes, and bonds).

[VI] Intragovernmental Debt = the amount the government owes its own accounts; e.g., trust funds for Social Security, Medicare, and military retirement. The Treasury uses surplus cash flows to these trusts to pay for other federal Activities, and the trusts are credited with Treasury securities. At the end of FY 2023, the Intergovernmental Debt was about $7T (25%of GDP)

2033 will be about $2.7T (6.8% of GDP) and the Federal Debt will grow to about $153T (192% of GDP) by 2053.[4] Figure 2 shows historical Debt from 1973 to 2023 and projected Debt for 2024 to 2053 in trillions of dollars. It is also shown as a percentage of GDP to account for economic growth and inflation. A trillion dollars in Debt in 2023, when the GDP was about $27T, has a much larger impact than a trillion dollars in Debt would have in 2050, when the GDP is projected to be about $72T. Whether the Debt is measured in dollars or percent of GDP, it is very large and projected to grow to be much larger. As discussed below, primary drivers for the projected Debt growth are increasing interest payments on the Federal Debt and growth of Social Security and Federal health care programs (e.g., Medicare, Medicaid).

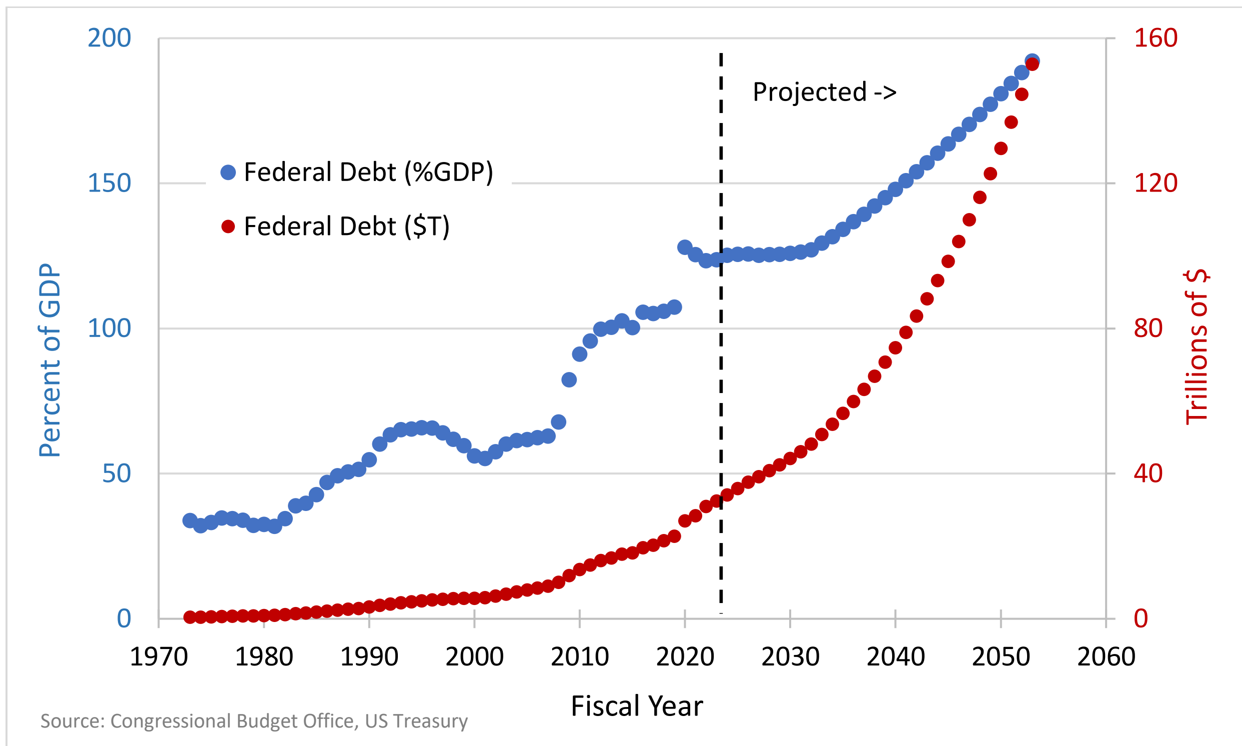

Figure 2. Gross Federal Debt: 1973 to 2023 (historical) and 2024 to 2053 (projected)[VII] [4] [5] [6]

Figure 3 shows historical government outlays from 1973 to 2022 and projected outlays through 2033, the period though which the CBO has made detailed assumptions. Again, current laws and policies are generally assumed to remain unchanged. The projected average annual outlay for 2024 to 2033 is about 24.0% of GDP compared to average projected revenues of about 18.0% of GDP. The resulting annual Budget Deficits for 2024 to 2033 are projected to average 6.0% of GDP. This is much higher than the last 50-year average of 3.7% of GDP (Figure 1). Projected outlay trends for 2024 to 2033 include.[5]

- Mandatory outlays for Social Security and the major health care programs (Medicare, Medicaid, Children's Health Insurance Program (CHIP), and Affordable Care Act (ACA) subsidies), net of offsetting receipts, are projected to increase from about $3.0T in 2024 (10.9% of GDP, 46% of the total Budget) to about $5.0T in 2033 (12.7% of GDP, 50% of the total Budget).

[VII] Debt held by the Public is currently about 80% of the total/Gross Debt and is projected to be about 89% of the Gross Debt in 2033 and 94% of the Gross Debt in 2053 as Intergovernmental Debt is reduced by depletion of the Social Security and Medicare Trust Funds (discussed below).

These outlay increases are driven by an aging U.S. population and ever rising costs for federal health care. The aging population causes the fraction of Social Security and Medicare beneficiaries to increase relative to the total U.S. population (i.e., fewer workers supporting more retirees), and the per beneficiary costs for federal health care are projected to grow more rapidly than per capita GDP.

- Interest payments on the Debt are projected to increase from about $0.71T in 2024 (2.6% of GDP, 11.5% of the Budget) to about $1.4T in 2033 (3.6% of GDP, 14.1% of the Budget). If interest rates on the Debt are greater than projected by the CBO, interest payments would likely be higher.
- Discretionary outlays are projected to decrease, as percent of GDP and Budget, from 2024 to 2033, and be about $1.9T in 2024 (6.9% of GDP, 29% of the Budget) and about $2.4T in 2033 (6.0% of GDP, 24% of the Budget).

If current tax and spending laws and policies generally remained unchanged, Deficits from 2034 to 2053 are projected to grow faster than the U.S. economy and Federal Debt measured as a percentage of GDP will continue to rise. Large Budget Deficits will persist because revenues will not grow as fast as outlays, with Medicare and Debt interest payments being primary drivers of outlay growth.

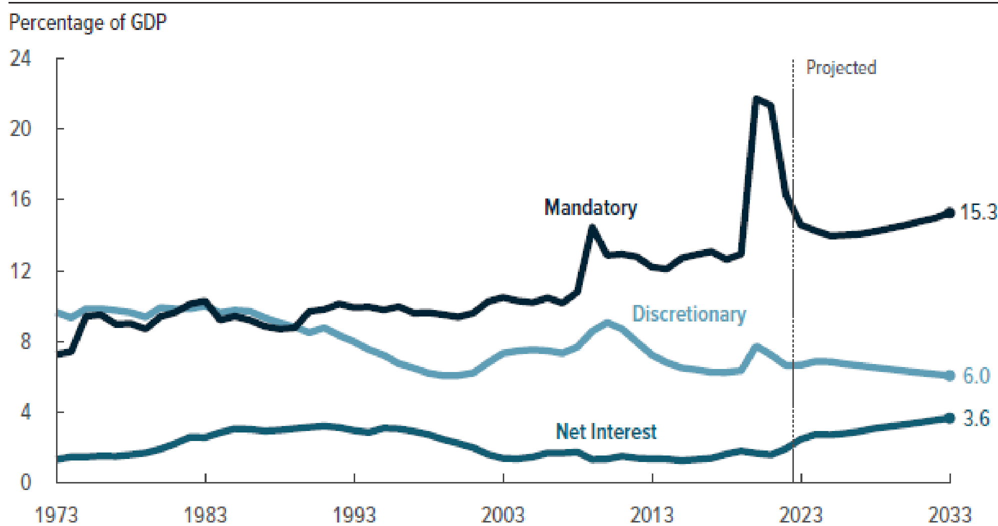

Figure 3. Historical (1973 to 2022) and projected (2023 to 2033) government outlays

Social Security and Medicare Trust Funds. The Social Security Old Age and Survivors Insurance Trust Fund, which pays benefits to retired insured workers and their spouses and children as well as to survivors of insured deceased workers, will be able to pay 100% of currently scheduled benefits until 2033. After that, the Trust Fund reserves will be zero and ongoing program income will only cover 77% of scheduled benefits. The Medicare Hospital Insurance Trust Fund will be able to pay 100% of currently scheduled benefits until 2031, and after that the Trust Fund reserves will be zero and ongoing program income will only cover 89% of scheduled benefits.[7] The shortfalls are driven by the retirements of the large number of baby boomers and lower birth rates after the baby boomer peak resulting in fewer workers supporting more retirees. Options for closing the shortfalls include raising

the retirement age, reducing benefits (e.g., means testing for beneficiaries and reduction of benefits for well-off persons), and increasing payroll taxes. These options are further discussed in Section 4.

2.0 Government Expenditures and Revenues

Key Takeaways*: In 2023, Federal Outlays outpaced net Revenues by about $1.7T or 6.3% of GDP. Only about $0.7T or 2.5% of GDP was for Discretionary non-defense spending. Therefore, a meaningful reduction in the annual Budget Deficit will require either some reduced Mandatory and/or Discretional Defense spending, increased net tax revenues, or a combination of both.*

The large annual Budget Deficits and cumulative Federal Debt are a result of government spending exceeding revenues. Figure 4 summarizes early 2023 estimates of 2023 U.S. government outlays, revenues, and tax expenditures. The data in the figure are estimates from February 2023 and final data for 2023, once compiled and published, will slightly differ. For example, the data in the figure estimates a Budget Deficit of 23.6 – 18.4 = 5.2% of GDP. As noted above, recently published summary data for 2023 showed a budget Deficit of 6.3% of GDP[2]. These data include:

- Outlays by major category: Mandatory, Discretionary, and Net Interest on the Federal Debt with an estimated total Outlays of 23.6% of GDP. These outlays are further discussed below.
- Revenues by major category: Individual Income Taxes (on salaries and wages, investment income, and other income), Payroll Taxes (on employee earnings to fund social insurance programs, primarily Social Security and Medicare), and All Other Sources (e.g., taxes on Corporate earnings, excise taxes, estate taxes, customs duties) with estimated total Revenues of 18.4% of GDP.
- Tax Expenditures[VIII]: Tax system provisions such as tax credits and deductions from gross income that lower revenue. There are over 200 tax expenditures in the individual and corporate income tax systems. The estimated value of the tax expenditures was 7.4% of GDP.

[VIII] "Sec. 3(3) of the Congressional Budget and Impoundment Control Act of 1974, codified at 2 U.S.C. § 622(3) (2023), defines tax expenditures as "those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.""[9]

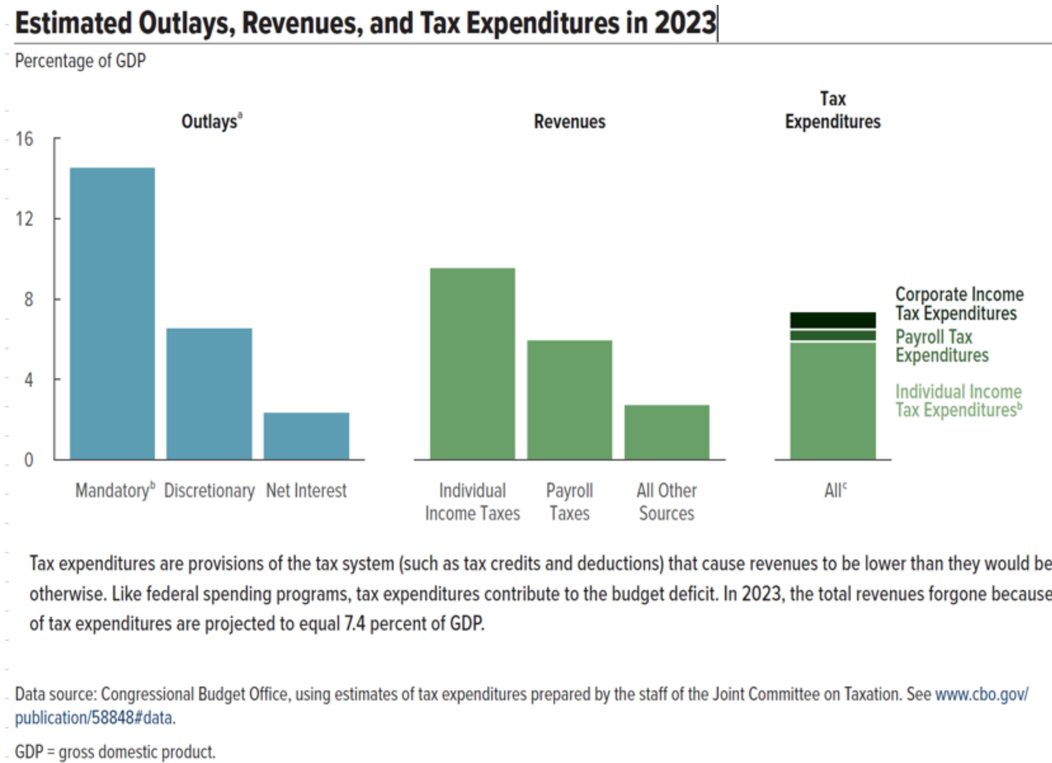

Figure 4. Estimated Outlays, Revenues, and Tax Expenditures in 2023[5]

Figure 5 provides detail around estimated 2023 U.S. government outlays. The data that is the basis for Figure 5 is more recent than the data that is the basis for Figure 4. Total outlays were about $6.1T or about 22.7% of the GDP.

- About 65% of estimated 2023 outlays (14.8% of GDP) was Mandatory. This includes spending for social insurance programs (i.e., Social Security and government health programs such as Medicare, Medicaid, children's health, and marketplace subsidies), income security programs (e.g., supplemental nutrition assistance program), federal retirement and veteran's programs, and other programs (e.g., agriculture, higher education).

  These Mandatory outlays are sometimes referred to as Entitlement programs. Both Social Security and Medicare are structured as separate trust funds and both are projected to be unable to fully meet obligations by 2033 and 2031, respectively.

- About 13% of estimated 2023 outlays (2.9% of GDP) was for Discretionary spending for Defense.
- About 12% of estimated 2023 outlays (2.6% of GDP) was to pay interest on the Federal Debt. This amount is dictated by the amount of the Debt and prevailing interest rates.
- About 11% of estimated 2023 outlays (2.5% of GDP) was for Discretionary Non-Defense spending that includes the agencies shown in the figure, other agencies (e.g., Environmental Protection Agency ($0.01T or 0.2% of total outlays)), and government operations (i.e., Executive, Legislative, and Judiciary branches). .

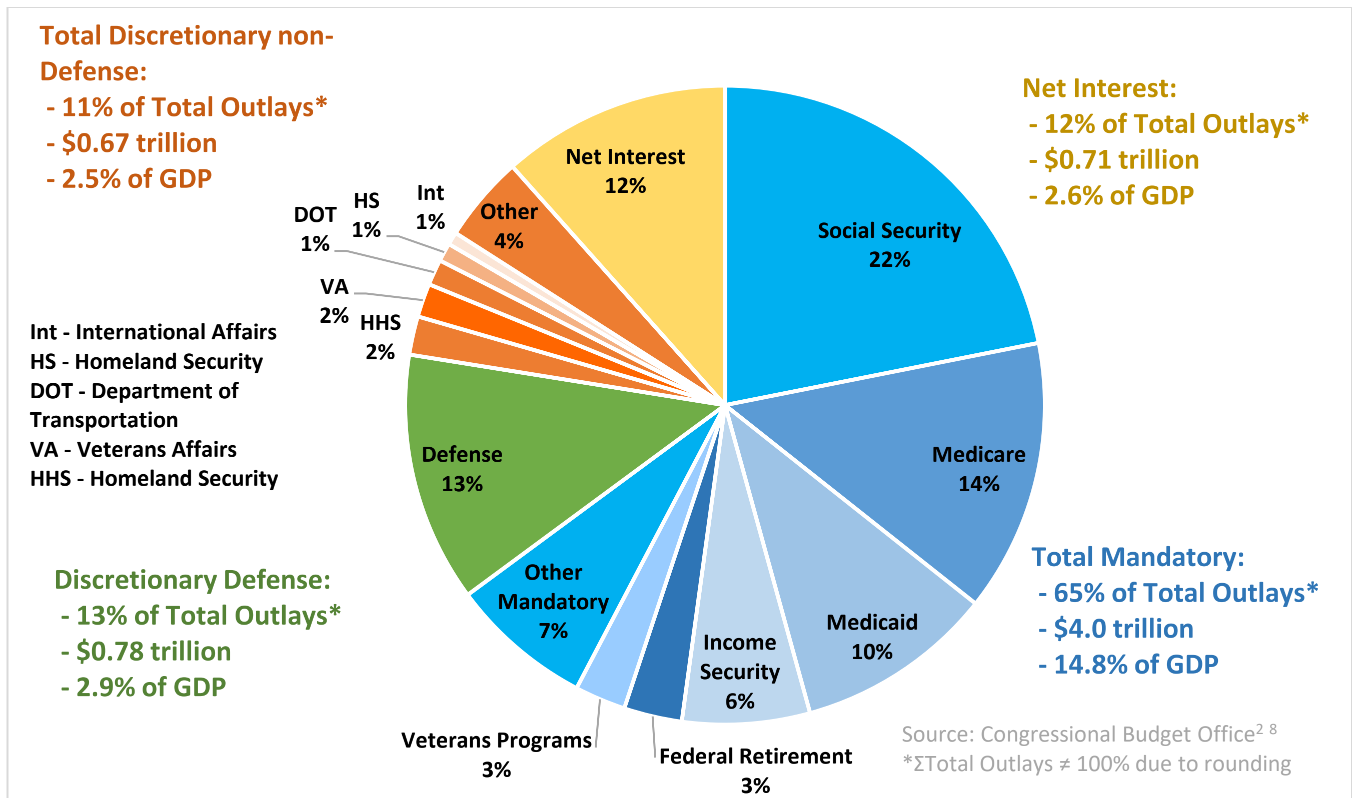

Figure 5. Estimated 2023 U.S. Government outlays[2 8]

3.0 Future Implications/Consequences of Federal Debt Growth

Key Takeaways: *High and increasing Federal Debt will burden future generations with increased borrowing costs, slow economic growth, and huge interest payments on the Federal Debt*

The CBO Publication "The 2023 Long-Term Budget Outlook"[9] notes that

"the consequences of high and rising Federal Debt would include the following:

- Borrowing costs throughout the economy would rise, reducing private investment and slowing the growth of economic output.
- Rising interest costs associated with that debt would drive up interest payments to foreign holders of U.S. debt, decreasing the nation's net international income[IX].
- There would be an elevated risk of a fiscal crisis - that is, a situation in which investors lose confidence in the U.S. government's ability to service and repay its debt, causing interest rates to increase abruptly, inflation to spiral upward, or other disruptions to occur.

[IX] "When net international income declines, national income also declines, all else being equal" " Whereas GDP is the value of all final goods and services produced within U.S. borders (whether the labor and capital used to produce them are supplied by residents or nonresidents), gross national income (GNP) is the value of all final goods and services produced with U.S. residents' labor and capital (either domestically or abroad)."[9]

- The likelihood of other adverse effects would also increase. For example, expectations of higher rates of inflation could become widespread, which could erode confidence in the U.S. dollar as the dominant international reserve currency.[X]
- The United States' fiscal position would be more vulnerable to an increase in interest rates, because the higher debt is, the more an increase in interest rates raises debt-service costs.[XI]
- Lawmakers might feel constrained in using (deficit-financed) fiscal policy to respond to unforeseen events or for other purposes, such as to promote economic activity or strengthen national defense."

In simple terms, is it reasonable to believe the U.S. can continue to borrow large sums of money without eventual harmful impacts? For example, an increased share of Budgets paying for unproductive interest payments on the Debt - projected to be $1.4T/3.6% of GDP/15% of outlays (and 20% of revenues) in 2033 and $5.3T/6.7% of GDP/23% of outlays (and 35% of revenues) by 2053.[9.]

4.0 Options to Reduce Budget Deficits and Debt Growth

Key Takeaways*: Meaningful reductions to annual Budget Deficits and Debt growth will require both increased revenues and reduced expenditures. Steps to increase revenues include pursuing tax evaders (who avoid an estimated $1T a year in tax payments), increasing taxes, and/or reducing tax credits and deductions. Reducing expenditures will require cuts to Mandatory spending programs and/or Discretionary Defense spending as well as Discretionary non-Defense programs. Synergies with policies to reduce healthcare costs and mitigate Climate Change should be prioritized.*

Steps to reduce outlays will need to consider that 1.) expenditures for 2023 were 6.3% of GDP greater than revenues and discretionary non-Defense spending only accounted for 2.5% of GDP, and 2.) projected expenditures for 2033 are 6.9% of GDP greater than revenues and discretionary non-Defense spending will only account for 3.2% of GDP[5]; thus, meaningful spending cuts cannot be limited to non-Defense Discretionary programs and will need to include Mandatory programs (Social Security, Medicare, Medicaid) and/or Discretionary Defense.

Table 1 summarizes "Options for Reducing the Deficit" [11] compiled by the CBO and Tables 2 and 2a summarizes Deficit reduction options (DROs) from a "Blueprint for tax reform in 2025" paper by the Hamilton Project[12]. Both documents were published in 2023 and discuss options for reducing annual Deficits and Debt growth by increasing revenues and reducing outlays over 10-year periods. Estimates of budget impacts are listed. The first column in each table lists an Option number, and these numbers are referenced in the following discussions. Many provisions in the 2017 Tax Cuts and Jobs Act (TCJA) are scheduled to expire at the end of 2025 unless they are extended by Congress. Table 2A lists the most significant of these provisions and the estimated change in revenue if the provision is extended for 10 years. The authors of the Blueprint for tax reform in 2025 paper have recommended a partial extension of the TJCA provisions and the Partial TCJA Extension column in Table 2A lists the estimated

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[X] The dollar has been the world's principal reserve currency since the end of WWII and much international trade is conducted in dollars. High demand for dollars allows the US to borrow money at a lower cost and use currency as a tool of diplomacy (e.g., impose painful economic sanctions). There is a potential disbenefit to some U.S. exports resulting in lost jobs and trade deficits.[10]

[XI] An alternative phrasing is "The United States' fiscal position would be more vulnerable to an increase in interest rates, because the higher the debt is relative to GDP, the riskier the US is deemed as a creditor. This, in turn raises debt-service costs."

change in revenue if the authors recommended extensions and expirations of the provisions are implemented. Table 2 lists recommended tax system reforms not covered by the TJCA.

Not all of these DROs can or will be implemented, but the information in these tables provides a basis for discussing concrete actions for reducing annual Deficits and Debt growth. An initial analysis identified the following potential actions, generally listed in order of priority. Recommended initial actions are high-lighted in yellow in the tables:

- Pursue tax evaders. During a 2021 Senate Finance Committee meeting, the commissioner of the Internal Revenue Service (IRS) estimated that the U.S. is losing $1 trillion in unpaid taxes every year.[13] This was primarily attributed to tax avoidance through the use of cryptocurrency, the abuse of pass-through provisions in the tax code, and foreign-source income. Recent increased funding for IRS enforcement is intended to reduce tax evasion and additional funding may be warranted.
  - The CBO estimates "a $1 increase in spending on the IRS's enforcement activities results in $5 to $9 of increased revenues."[14]

  More robust IRS enforcement is addressed by DRO 2.5.1 "Reverse IRS funding rescission of $21 billion " and DRO 2.5.2 "Permanent mandatory stream of funding to the IRS" in Table 2. Pass-through provisions are addressed by DRO 2.10.7. Foreign-source income is addressed by DRO 2.1.2
- Implement tax policies that synergize with healthcare cost reduction and Climate Change mitigation goals. These include DRO 1.6 to reduce tax subsidies for employment-based health insurance to make people more attentive to and responsible for healthcare costs and put downward pressure on these costs, impose a tax on emissions of greenhouse gases in the U.S. (DRO 1.17), elimination of fossil fuel preferences in the tax code (DRO 2.9.1), and implement a corporate carbon tax with border adjustment (DRO 2.4.1).
- Revise tax code provisions that treat much income for high-income and high-net worth groups (e.g., capital income) differently than wages for salaried and hourly workers (i.e., labor income). These include a return to 2009 estate and gift tax parameters that are much less favorable to the very wealthy than current parameters (DRO 2.3.1), legislate capital gains carryover provisions such that unrealized inherited capital gains are taxed (DRO 2.2.1), increase rates on long-term capital gains and dividends (DRO 2.2.2), increase the corporate tax rate (DRO 2.1), and allow business pass-through income deduction provisions to expire (DRO 2.10.7).
- Increase revenues and reduce outlays for major Mandatory programs (social security, Medicare, Medicaid). DROs 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7, 1.8, 1.9, 1.15, and 2.7.1 provide options for increasing revenues and reducing outlays for Entitlement programs.
- Raise tax rates and/or reduce tax credits and deductions (Tax Expenditures). Options for increasing tax rates include DRO 1.13 "Increase Individual Income Tax Rates", DRO 1.14 "Eliminate or Limit Itemized Deductions", DRO 1.6. "Impose a Tax on Consumption," DRO 2.1.1 "Raise the corporate tax rate to 28%", DRO 2.10.1 "Allow TCJA (Tax Cuts and Jobs Act) tax cuts to expire in 2025", and allow expiration of other revenue reducing TCJA provisions (e.g., DROs 2.10.3, 2.10.4. 2.10.6, 2.10.11, and 2.10.12).

- Reduce Discretionary Defense and non-Defense spending. See DRO 1.11 "Reduce the Department of Defense's Annual Budget" by reducing active duty manpower and DRO 1.12 "Reduce Nondefense Discretionary Spending" by decreasing funding for transportation and education programs. Considering the current major conflicts (Ukraine, Gaza) and potential threats to peace (China, Iran, North Korea, Yemen) across the globe, near term cuts to Defense spending may not be warranted.

5.0 Next Steps

Key Takeaways: *There is a need for legislators willing to work to identify and mitigate areas of government inefficiency, largess, and perverse incentives; vote for budgets and legislation to increase revenues and reduce spending; and make difficult, sometimes politically unpopular decisions. These decisions will soon benefit current citizens in the form of more efficient government and lower future interest rate payments on the Federal Debt thus providing more money for productive government spending.*

Implementing legislation, policies, and budgets to reduce annual Deficits and Debt growth and make the prosperity and well-being of future generations a priority will require the election of legislators willing to forgo business-as-usual and

- work to identify and mitigate areas of government inefficiency, largess, and perverse incentives;
- vote for budgets and legislation to increase revenues and reduce spending to achieve a balanced, or at least a minimal deficit, budget. Making spending match revenues would force scrutiny of policies and programs and lead to less waste and a more productive and effective government (i.e., spend less, spend smarter); and
- make difficult, sometimes politically unpopular decisions. It is easy to vote for more borrowing and spending and then tell voters you are giving them things. It is difficult to be a responsible legislator and explain to voters why increased revenues and reduced spending are good for the long-term fiscal health of the country.

These actions will soon benefit current citizens in the form of more efficient government and lower future interest rate payments on the Federal Debt thus providing more money for productive government spending. Deficit reducing policy changes should have the largest impact on higher-income households because these households have benefited the most from the tax policies that created the Debt. A recent article in The Economist regarding tax reform for rich countries noted

> "Fundamental tax reform can boost growth and make societies fairer …. the principles according to which rich countries can design a good tax system are clear: taxes should target rents (e.g., excess returns in uncompetitive markets), preserve incentives (e.g., for investment), and be hard to avoid."[15]

These would be good guiding principles for policies to reduce spending and increase revenues.

Table 1. CBO Options For Reducing the Deficit and Projected Savings[XII]

No.	Deficit Reduction Option	Savings, 2023-2032 ($B)	Outlay ↓ or Revenue ↑
1.1	"Establish Caps on Federal Spending for Medicaid"[XIII] • Federal & state governments co-finance Medicaid. Federal funding is proportional to state funding and currently most federal funding is not capped if a state funding increases. • Deficit Reduction Option(s): Set Federal caps and/or growth rates on overall spending or per enrollee spending and could apply for different spending and eligibility categories	501 to 871	Mandatory Outlay ↓
1.2	"Limit State Taxes on Health Care Providers" (that treat Medicaid patients) • Federal & state governments co-finance Medicaid. Federal funding is proportional to state funding. • Some states use a "hold harmless" strategy where, for example, Medicare providers are taxed at higher rates than similar providers and the taxes are returned to the Medicare providers through higher Medicaid payments that result in higher Federal payments. These arrangements are allowed when providers are taxed at 6% or less of their net revenues from Medicaid patients • Deficit Reduction Option(s): reduce the hold harmless arrangements threshold from 6% to 5%, 2.5% or 0% and thereby reduce Federal payments	41 to 526	Mandatory Outlay ↓
1.3	"Reduce Federal Medicaid Matching Rates" • Federal and state governments co-finance Medicaid. The federal share of medical services and administrative expenses varies by state based on per capita income, and is higher for ACA enrollees • Deficit Reduction Option(s): 1.) Reduce the federal share of administrative expenses; 2.) Reduce the federal share of medical services for non-ACA enrollees for high per-capita income states; 3.) Make the federal share of ACA-enrollees medical services the same as for non-ACA enrollees	68 to 667	Mandatory Outlay ↓

[XII] The information in the table is from "Options for Reducing the Deficit," Posted by Phill Swagel, CBO Director, on March 6, 2023. www.cbo.gov/publication/58981[11]

[XIII] Medicaid is a joint federal-state program that covers health care for groups of low-income people including families with dependent children, elderly people (65+), non-elderly people with disabilities, and, at states discretion, other non-elderly low-income (incomes below 138% of federal poverty guidelines) adults eligible for Medicaid under the Affordable Care Act (ACA)

No.	Deficit Reduction Option	Savings, 2023-2032 ($B)	Outlay ↓ or Revenue ↑
1.4	"Increase the Premiums Paid for Medicare[XIV] Part B" • Physician and other outpatient services for Medicare patients are covered under Part B. Enrollees pay a basic premium of about 25% of Part B costs. Higher income enrollees also pay an income-related premium (IRP) • Deficit Reduction Option(s): 1.) increase the basic premium from 25% to 35% of expected costs; 2.) freeze IRP high-income thresholds from 2024 to 2032; and 3.) a combination of 1 and 2	57 to 448	Revenue ↑
1.5	"Reduce Medicare Advantage Benchmarks" • The Medicare Advantage program allows beneficiaries to enroll in private Medicare coverage plans rather than the Medicare fee-for-service (FFS) program administered by the government • Federal payments to Medicare Advantage providers are based on local cost-adjusted FFS beneficiary spending benchmarks and other parameters such as patients' health conditions • Deficit Reduction Option(s): reduce Medicare Advantage program benchmarks by 10%	392	Mandatory Outlay ↓
1.6	"Reduce Tax Subsidies for Employment-Based Health Insurance" • Employer paid premiums for employee health insurance are excluded from income & payroll taxes, and most worker premium payments for such plans are excluded from income & payroll taxes • This favorable tax treatment is a large tax expenditure • Deficit Reduction Option(s): limit the exclusion from income and payroll taxes to the 50th or 75th percentile of employment-based health insurance premiums, or only limit exclusion from income taxes at the 50th percentile	500 to 893	Revenue ↑
1.7	"Reduce Social Security Benefits for High Earners" (new beneficiaries only) • Deficit Reduction Option(s): 1. Reduce benefits for top 30% of earners, 9-year phase in; 2. Reduce benefits for top 50% of earners, 9-year phase in; 3. Reduce benefits for top 50% of earners, 5-year phase in	40 to 184	Mandatory Outlay ↓

[XIV] "Medicare is a federal health insurance program for people 65+ and for younger people with long-term disabilities or end-stage renal disease"

No.	Deficit Reduction Option	Savings, 2023-2032 ($B)	Outlay ↓ or Revenue ↑
1.8	"Set Social Security Benefits to a Flat Amount" • Deficit Reduction Option(s): 1. Flat benefit would be 150% of the federal poverty level for a single person; 2. Flat benefit would be 125% of the federal poverty level • Benefits for lowest earners would increase and benefits for highest earners would decrease	270 to 593	Mandatory Outlay ↓
1.9	"Increase the Maximum Taxable Earnings That Are Subject to Social Security Payroll Taxes" • Social security is primarily financed by payroll taxes on self-employed, employers, & employees • In 2022, earnings up to $147,000 were taxed at 12.4%. About 83% of Social Security covered earnings were below the maximum taxable amount • Deficit Reduction Option(s): 1. Increase the maximum taxable amount of earnings such that 90% of earnings are taxable; 2. Add to current law a 12.4% tax on earnings over $250,000	670 to 1,204	Revenue ↑

1.10	"Reduce Spending on Other Mandatory Programs" (large programs without dedicated trust funds)
	• Department of Veterans Affairs (VA) disability compensation and income security programs are the largest programs for 2023-2032 without dedicated trust funds.
	• Veterans receive VA disability compensation for service-connected disabilities: medical conditions or injuries that occurred or worsened during active-duty service
	  • Deficit Reduction Option(s): Reduce VA disability compensation by applying a means test to payments. Veterans with household incomes greater than $170,000 in 2024 would not receive disability payments and vets with incomes above $125,000 would receive partial compensation
	• Income security programs provide cash payments and in-kind benefits to low-income people. Two means-tested programs primarily impacted would be the Supplemental Security Income program and the Supplemental Nutrition Assistance Program. Impacted smaller programs support foster care and provide child nutrition and family support
	  • Deficit Reduction Option(s): Reduce spending by 15% by tighter eligibility criteria and/or decreasing benefits and administrative costs
		580	Mandatory Outlay ↓

No.	Deficit Reduction Option	Savings, 2023-2032 ($B)	Outlay ↓ or Revenue ↑
1.11	"Reduce the Department of Defense's Annual Budget" • Congressional budget requests by the Department of Defense (DoD) are "designed to align military forces and the National Security Strategy (NSS)." The 2023 DoD budget request was for $773B for a 1.3 million active military force • The strategy for deterring military aggression in the 2017 NSS emphasized the threat of swift defeat of enemy forces by the U.S. A 2021/2022 NSS included a more integrated national security approach with more emphasis "on the threat of broad-based punitive actions" by the U.S and allies against aggressors and placing less importance on the threat of using U.S. military action. • The current U.S. military is still primarily designed for the 2017 NSS objectives, and moving towards the 2021/2022 NSS objectives and a DoD budget reduction would require a combination of reducing the force size, less expensive and/or fewer weapons, and reducing costs for personnel training and equipment operations and maintenance. • Deficit Reduction Option(s): 1. Reduce overall active military manpower by 18%, generally equally across all services (army, navy, marine corps, air force); 2. Reduce overall active military manpower by 21%, primarily in tactical aviation and ground combat units, and increase support for forces of coalition allies; 3. Reduce overall active military manpower by 19%, primarily in air and ground combat units, and focus defense resources on maintaining the control of commerce and goods in the global commons (i.e., sea, air and space). Further deter aggression by building coalitions of allies.	995	Discretionary Outlay ↓
1.12	"Reduce Nondefense Discretionary Spending" • Nondefense discretionary spending covers a wide range of programs such as transportation, education, veterans affairs, science, international, law enforcement, housing, and management of natural resources • There are numerous options for reducing nondefense discretionary spending including small decreases in many programs or large cuts in a few programs. • Deficit Reduction Option(s): 1. Decease funding for state and local government grants by one-third for select education and transportation programs	332	Discretionary Outlay ↓

No.	Deficit Reduction Option	Savings, 2023-2032 ($B)	Outlay ↓ or Revenue ↑

1.13	"Increase Individual Income Tax Rates"
	• Individual income tax is based on salaries, wages, investments, and other types of income
	• Tax returns include three main measures of income: total income, adjusted gross income (AGI) = total income – statuary adjustments, and taxable income = AGI – allowable deductions
	• There are tax rate schedules for:
	  • Taxable ordinary income = taxable income – (qualified dividends + long-term capital gains) with 7 progressive statutory rates from 10 to 37%. An Alternative Minimum Tax (AMT), with rates of 26% and 28%, is also calculated. The higher of the AMT and regular income tax is paid
	  • Most long-term capital gains and qualified dividends have a maximum statutory rate of 20%. High-income taxpayers investment income can have a 3.8% additional tax
	• Deficit Reduction Option(s): 1. increase the statutory tax rates applied to ordinary income by 1%; 2. increase statutory tax rates applied to ordinary income in four highest tax brackets by 1%; 3. Apply a surtax of 1% on AGI above personal exemptions + standard deduction; 4. Apply a surtax of 2% on AGI above personal exemptions + standard deduction + 4th ordinary income bracket threshold
		502 to 1,329	Revenue ↑

1.14	"Eliminate or Limit Itemized Deductions" • Tax payers can take a standard deduction or itemize and deduct expenses that include state and local taxes, charitable contributions, some medical expenses, and mortgage interest. The tax code limits the amount of itemized deductions that can be claimed • Most tax savings from itemized deductions are a federal government tax expenditure • Deficit Reduction Option(s): 1. Eliminate all itemized deductions; 2. Eliminate the state and local taxes itemized deductions; 3. Limit the itemized deductions tax benefit to 15% of their combined value; 4. Limit the itemized deductions tax benefit to 4% of the AGI for a taxpayer	541 to 2,507	Revenue ↑

No.	Deficit Reduction Option	Savings, 2023-2032 ($B)	Outlay ↓ or Revenue ↑

1.15	"Impose a New Payroll Tax"
	• In the U.S., social insurance programs are financed by payroll taxes based on earnings such as wages and salaries of employees and the self-employed
	• Payroll taxes usually have a single rate with few, typically zero, adjustments applied to covered earnings.
	  • For Social Security, the payroll tax rate is 12.4% and applied to earnings up to a maximum amount ($147,000 in 2202): 6.2% paid by employees + 6.2% paid by employers or 12.4% paid by the self-employed
	  • For Medicare, the basic payroll tax rate is 2.9% of earnings with no taxable maximum: 1.45% paid by employees + 1.45% paid by employers or 2.9% paid by the self-employed
	• Deficit Reduction Option(s): 1. Add a new 1% payroll tax on all earnings (no taxable maximum) paid solely by employee; 2. Same as 1 with a 2% payroll tax
		1,136 to 2,253	Revenue ↑

1.16	"Impose a Tax on Consumption"
	• Consumption taxes include retail sales taxes, value-added taxes (VATs), and excise taxes and are generally applied to purchases of services and goods
	  • VATs are applied to the incremental increase in value of a service or good at each supply chain stage . The U.S. does not have a broad-based VAT but 160 other countries, including all OCED[XV] countries do.
	  • Sales taxes are only applied to the purchase of a final product
	  • Excise taxes are generally applied to select goods and services and assessed on a unit- rather than value-basis. U.S. federal excise taxes include gasoline, alcohol, and cigarettes
	• Deficit Reduction Option(s): 1. Apply a 5% VAT to a broad base of services and goods covering about 59% of household consumption. Exclusions would include financial and existing housing services, primary secondary education, some services by government and non-profits, and government healthcare; 2. Apply a 5% VAT to a less broad base of services and goods covering about 37% of household consumption. Additional exclusions would include food consumed at home, new residential housing, postsecondary education, and health care.
		1,950 to 3,050 Based on 01/01/24 start	Revenue ↑

[XV] Organization for Economic Co-operation and Development

No.	Deficit Reduction Option	Savings, 2023-2032 ($B)	Outlay ↓ or Revenue ↑
1.17	"Impose a Tax on Emissions of Greenhouse Gases" (in the U.S.) • Reducing greenhouse gas (GHG) emissions would decrease the magnitude of climate change and the associated costs and risks • Other than a charge on some oil and gas industry methane emissions, the federal government does not directly tax emissions • Deficit Reduction Option(s): 1. Impose a $25 per metric ton tax on CO_2 emissions from energy related sources (e.g., transportation, electricity generation) and other GHG emissions from large manufacturing plants and increase the tax at a rate of 5% plus inflation per year; 2. Same as 1 but increase the tax at a rate of 2% plus inflation per year; 3. Same as 2 but exclude gasoline.	571 to 865	Revenue ↑
	Total for Mandatory Outlay ↓	1,892	3,813
	Total for Discretionary Outlay ↓	1,327	1,327
	Total for Revenue ↑	5,927	12,549
	Grand Total	9,146	17,689

Table 2. A Blueprint for Tax Reform in 2025 Options For Reducing the Deficit and Projected Savings[12]

No.	Deficit Reduction Option	Δ Revenue, 2024-2033 ($B)	Revenue ↑, ↓, or ↔
2.1	***"Corporate and International Tax"***		
2.1.1	"Raise the corporate tax rate to 28%" (average of post-TCJA[XVI] rate (21%) & pre-TCJA rate (35%))	$1,325	Revenue ↑
2.1.2	"Implement international tax reforms" - consolidate numerous minimum taxes on foreign income of U.S. multinational companies (GILTI at 10.5%, BEAT, CAMT, FDII) into a single minimum tax (GILTI at 21%) for a U.S. system of corporate taxation more consistent with most other countries • Stronger per-country global intangible low-taxed income (GILTI) rate of 21%. • Pillar 2 consistent revisions.[XVII] • Repeal the Base Erosion and Anti-Abuse Tax (BEAT) and the corporate alternative minimum tax (CAMT) (for GILTI payers) • Repeal the foreign-derived intangible income (FDII)" The combined changes to corporate and international policy are intended to achieve four objectives: increase revenue, tax capital for a progressive revenue source, tax economic rents to strengthen U.S. market competitive structure, align U.S. corporate tax system with rest of world	$500	Revenue ↑
2.1.3	Restore research and experimentation expensing/refundability, rather than amortization required by the TCJA, to encourage research and development and associated positive effects on U.S. economy	-$300	Revenue ↓
2.2	***"Reform Taxation of Capital Income"***		
2.2.1	"Carryover basis for capital gains." Under the current tax code, unrealized capital gains are wiped out from inherited assets (i.e., taxes are never paid on these assets). Introduction of carryover basis such that unrealized inherited capital gains would be taxed when the asset is sold.	$160	Revenue ↑

[XVI] Tax Cuts and Jobs Act

[XVII] "OECD has discussed a more permanent and effective plan to change tax rules for large companies and continue to limit tax planning by multinationals. … Pillar 2 of the plan would establish a global minimum tax. Specifically, Pillar 2 would establish a minimum effective tax at a proposed rate of 15 percent applied to cross-border profits of large multinational corporations that have a "significant economic footprint" across the world." OECD Pillar 2 (Global Minimum Tax) Global Tax Deal

No.	Deficit Reduction Option	Δ Revenue, 2024-2033 ($B)	Revenue ↑, ↓, or ↔
2.2.2	"Increase rates on long-term capital gains and dividends by 5%." Such an increase should be paired with changes to the tax code that currently allows unrealized capital gains to indefinitely avoid taxation.	$250	Revenue ↑
2.2.3	"Eliminate the carried interest loophole" that allows a portion of investment managers compensation to be deferred capital gains and taxed at lower rates than ordinary income	$10	Revenue ↑
2.3	***Reform Estate Taxation***		
2.3.1	"Return to 2009 estate and gift tax parameters". The TCJA reduced the number of U.S. citizens liable for estate taxation by more than 50% and numerous loopholes allow estate tax avoidance by the very wealthy. Currently, the estate tax rate is 40% but it is effectively less than 10%.	$250	Revenue ↑
2.4	***Climate and Energy Taxation***		
2.4.1	"Corporate carbon fee and border adjustment." All taxes paid by businesses, primarily coal, oil, and gas sector corporations. Tax intended to have minimal impact on gas prices and energy bills for households. Gradual implementation from $15 to $65 per metric ton over 10 years. The U.S. tax would be paired with a carbon border adjustment such that both domestic and foreign producers pay the same carbon charge. This policy would incentivize global emissions reductions.	$650	Revenue ↑
2.5	***Improving Tax Administration***		
2.5.1	"Reverse IRS funding rescission of $21 billion". Estimated evaded taxes is over 2% of GDP, and it is estimated that greater than 30% of the evaded taxes is from the top 1% of earners and the IRS generally lacks the capacity to verify reported income with 3rd party information. Compliance rates are about 95% when 3rd party reporting exists and less than 50% without reporting. Debt ceiling negotiations reduced funding from high-end tax enforcement by about 50% ($21 billion) over the next 10 years.	$260	Revenue ↑
2.5.2	"Permanent mandatory stream of funding to the IRS." To support increased IES capacity.	$240	Revenue ↑
2.6	***Financial Transactions Taxes***		
2.6.1	"Financial transactions tax (FTT) of three basis points applied to most stock, debt, and derivatives transactions." Many industrialized nations tax transactions of securities, but the U.S. does not. The CBO listed a 1 basis point FTT as an option for increasing revenues.	$540	Revenue ↑

No.	Deficit Reduction Option	Δ Revenue, 2024-2033 ($B)	Revenue ↑, ↓, or ↔
2.7	***Reform payroll taxes to create uniform treatment***		
2.7.1	"Reform Self-Employed Contributions Act (SECA)/net investment income tax (NIIT)." Self-employed pay Federal Insurance Contributions Act (FICA) and SECA and taxes on net earnings. These taxes finance Medicare and Social Security. A small surtax is paid by high earners. Tax changes included in the Affordable Care Act (ACA) increased the Medicare payroll tax rate to 3.8% and applied the 3.8% tax on investment income (the NIIT). SECA and NIIT taxes are not paid by some owners of pass-through businesses, including partnership businesses and S-corporations. Distributions to pass-through owners sometimes avoid the 3.8% tax. This policy would eliminate this tax preference.	$300	Revenue ↑
2.8	***Expand the Child Tax Credit, the Earned Income Tax Credit, and premium tax credits***		
2.8.1	"Expand the Earned Income Tax Credit (EITC) to the American Rescue Plan (ARP) parameters." The EITC provides financial assistance to low-income and moderate-income families. Policy to expand EITC for working adults without children to $1,500 from $540 per year and expand age range and annual income cap.	-$156	Revenue ↓
2.8.2	"Expand the Child Tax Credit (CTC)." The CTC provides support for low and moderate-income families. Policy to expand CTC from $2,000 to a maximum of $2,500 per dependent child + $750 for each child less than 6 years old and make the CTC fully refundable – households that owe federal income tax less than the full credit receive a partial credit.	-$650	Revenue ↓
2.8.3	"Extend expanded premium tax credits (PTCs)." These credits make health insurance more affordable for low-income citizens.	-$270	Revenue ↓
2.9	***Other revenue raisers***		
2.9.1	Workable revenue provisions that are outside the scope of the analysis. "These include the elimination of fossil fuel preferences in the tax code, removal of like kind and depreciation real estate preferences, partnership reforms, inventory reforms, conservation easement reform, small business stock reform, tightening estate tax loopholes, rules affecting the taxation of income from digital assets, prescription drug advertising deductibility, a somewhat higher excise rate on stock buybacks, and reforms to the generosity of retirement savings provisions for certain taxpayers."	$400	Revenue ↑
2.10	***Tax Cut and Jobs Act (TCJA) extensions and expirations (See Table 2A)***	~ $0	Revenue ↔

Table 2A. A Blueprint for Tax Reform in 2025 Options For Reducing the Deficit and Projected Savings: Tax Cut and Jobs Act Extensions and Expirations

No.	Deficit Reduction Option	Δ Revenue 2024-2033 ($B)	
		Extend TCJA[A]	Partial TCJA Extension[B]
2.10.1	Current Income Tax Rate Brackets are 10, 12, 22, 24, 32, 35, and 37% and they expire in 2025. All but the 10% brackets would increase 3% unless the TCJA provisions are extended. The Partial TCJA Extension would not extend this lower rates provision.	-$1,810	$0
2.10.2	"Modification of Child Tax Credit (CTC): $2,000 not indexed; refundable up to $1,400; $500 other dependents not indexed; phase outs $200,000/$400,000 not indexed." The Partial TCJA Extension would extend this provision, which with the Modification of Standard Deduction balances the Repeal of Deduction for Personal Exemptions provision.	-$604	-$604
2.10.3	"Increase of the Individual Alternative Minimum Tax (AMT) Exemption Amounts and Phase-out Thresholds." The Partial TCJA Extension would extend this provision, which is balanced by extending the Repeal of Many Itemized Deductions.	-$1,088	-$1,088
2.10.4	"Modification of Standard Deduction ($12,000 for singles, $24,000 for married filing jointly, $18,000 for head of household)." The Partial TCJA Extension would extend this provision, which with the Modification of CTC balances the Repeal of Deduction for Personal Exemptions provision.	-$1,036	-$1,036
2.10.5	Repeal of Many Itemized Deductions (e.g., state and local taxes (SALT)). The Partial TCJA Extension would extend this provision, which is balanced by the Increase of the Individual AMT Exemption Amounts provision.	$908	$908
2.10.6	"Repeal of Deduction for Personal Exemptions." The Partial TCJA Extension would extend the Repeal of deduction for personal exemptions – this is balanced by the Modification of CTC and Modification of Standard Deduction provisions.	$1,593	$1,593
2.10.7	"Qualified Business Income Deduction." This income deduction applies to pass-through business owners. The Partial TCJA Extension would not extend this provision.	-$548	$0
2.10.8	"Election to Invest Capital Gains in an Opportunity Zone." The authors believe this provision provides "undue preferences for capital income without sufficient offsetting benefits for struggling communities." The Partial TCJA Extension would not extend this provision.	-$67	$0

No.	Deficit Reduction Option	Δ Revenue 2024-2033 ($B)	
		Extend TCJA[A]	**Partial TCJA Extension[B]**
2.10.9	"Limitation on Excess Business Losses of Noncorporate Taxpayers." This extended limit on excess business losses applies to pass-through business owners. The Partial TCJA Extension would extend this provision.	$137	$137
2.10.10	"Increase of the Estate, Gift, and Good and Services (GST) Tax Exemption Amount. " This provision only affects "about 2 in 1,000 estates" and "well-off heirs". The Partial TCJA Extension would not extend this provision.	-$127	$0
2.10.11	Maintain "Additional First-Year Depreciation with Respect to Qualified Property." The Partial TCJA Extension would not extend this provision.	-$325	$0
2.10.12	Maintain "Deduction Percentages for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI)." The Partial TCJA Extension would not extend this provision.	-$111	$0
	Total	-$3,078	-$90

A. Joint Committee on Taxation estimates of budgetary effects of extending certain TCJA revenue provisions. Refer to Table 2 in "A blueprint for tax reform in 2025"[12]
B. Recommended extensions and expirations of TCJA revenue provisions by authors of "A blueprint for tax reform in 2025"[12]

Attachment A: Impact of Supply-Side Economic Policies

In addition to 2008 financial crisis and pandemic spending, a primary driver of the Debt growth since 1980 has been the implementation of supply-side, also known as trickle-down, economic policies. The basic supply-side theory is that tax rate cuts for high-income households and businesses will allow them to keep more of their income and thus incentivize them to work harder and invest the additional income and profits to generate more economic growth (e.g., gains in productivity and jobs). The increased economic prosperity of the high-income households and businesses thus "trickles-down" through the economy and eventually benefits lower income households. A rationale for implementing supply-side policies has been that the tax rate cuts would essentially "pay for themselves" because the increased economic output and associated taxable income would offset the lower tax rates and result in tax revenues similar to the pre-tax cut revenues. Thus, the allure of supply-side is the premise of lower taxes and increased economic growth with no loss in government services/tax revenue. However, in practice, supply-side policies have not improved economic performance nor provided trickle-down benefits, and tax rate cuts have not paid for themselves but have contributed to debt growth and economic inequality.

- In a 2020 working paper from the London School of Economics International Inequities Institute,[16] data from 18 OCED countries from 1965 to 2015 was analyzed "to estimate the causal effect of major tax cuts for the rich on income inequality, economic growth, and unemployment." The findings of the study were that the tax cuts did not stimulate economic growth or increase employment (i.e., no "trickle-down" effect) but did increase the incomes of the direct beneficiaries of the tax cuts.

  > "We find that major reforms reducing taxes on the rich lead to higher income inequality as measured by the top 1% share of pre-tax national income. The effect remains stable in the medium term. In contrast, such reforms do not have any significant effect on economic growth and unemployment."

  In addition, the study results do not support the supply-side theory that rate cuts for high-income households and businesses will allow them to keep more of their income and thus incentivize them to work harder.

  > "Our findings on the effects of growth and unemployment provide evidence against supply side theories that suggest lower taxes on the rich will induce labour supply responses from high-income individuals (more hours of work, more effort etc.) that boost economic activity … They are, in fact, more in line with recent empirical research showing that income tax holidays and windfall gains do not lead individuals to significantly alter the amount they work."

- A Center for American Progress analysis[17] determined "three decades of empirical economic data shows that supply-side economics doesn't work." The analysis analyzed U.S. economic performance data from three eras of economic expansion: 1.) "1980s supply side era" after the 1981 Reagan Administration tax cuts; 2.) "1990s non-supply side era" after the 1993 Clinton Administration tax increase; and 3.) "2000s supply side era" after the 2001 Bush tax cuts.

  The analysis determined that U.S. economic performance was better during the 1990s non-supply side era than during the 1980s supply side era and the 2000s supply side era in terms of hourly earnings and growth in investment, productivity, real GDP, employment, and middle-class

incomes. Further, the "nation's fiscal health deteriorated under supply-side policies." Figure A-1 from the article shows national debt during the supply-side and non-supply-side policies: from 1981 to 1993 under supply-side policies, Public Debt increased from about 25% to 50% of GDP; from 1993 to 2001 under non-supply-side policies, Public Debt decreased from about 50% to 33% of GDP; and from 2001 to 2007 under supply-side policies, the trend of Public Debt reduction was reversed and Debt increased from about 33% to 36% of GDP. Figure 1 above shows the outlays/revenues differences that caused the Public Debt to increase and decrease. Particularly in the 1980's, increased government borrowing and outlays was a major stimulus to the economic expansion and the supply-side tax cuts did not "pay for themselves".

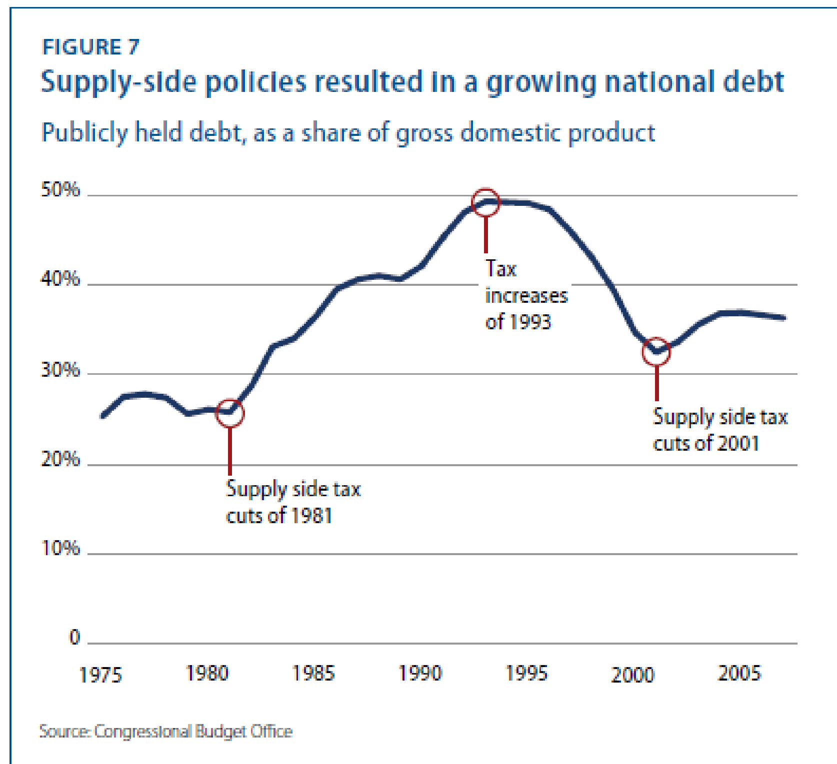

Figure A-1. Debt held by the Public, as share of GDP, from 1975 to 2007[17]

- The primary conclusion of a 2017 Center on Budget and Policy Priorities (CBPP) analysis[18] of the 2001 and 2003 Bush Administration tax cuts was

  "Despite promises from proponents of the tax cuts, evidence suggests that they did not improve economic growth or pay for themselves, but instead ballooned deficits and debt and contributed to a rise in income inequality."

CBPP estimated in 2013 that the total of the borrowing to finance the tax cuts and associated interest costs "would add $5.6 trillion to deficits from 2001 to 2018", or about one-third of the 2018 Federal Debt. At the time these tax cut policies were developed, the U.S. Treasury estimated that the tax cuts would, using most optimistic assumptions, would pay for 10% or less of the total long-term cost of the tax cuts through greater economic growth. In addition, it was estimated that

in 2010 the income of the top 1% of households would increase 6.7% and the income of the bottom 20% of households would only increase 1.0%.

- An Investopedia analysis of research on supply-side economics[19] and identified five flaws: “tax cuts don’t create more jobs”, “supply-side policies weakened investment”, “supply-side economics is not synonymous with Productivity growth”, “tax cuts don’t spur strong economic growth”, and “tax cuts don’t pay for themselves.”

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