

An Analysis of the Ten-Year Costs of
Senator Kerry's Spending Proposals

By

Eric Engen

And

Kevin Hassett¹

¹ Engen is a resident scholar at the American Enterprise Institute (AEI), Hassett is director of economic policy studies at AEI. We thank Gordon Gray and Kathryn Newmark for excellent research assistance.

I. Overview

On July 28, 2004, Senator John F. Kerry officially became the Democratic Party's nominee for President of the United States. As a senator, all of John Kerry's votes and legislative actions are documented and therefore provide a straightforward record to evaluate the costs associated with the legislation that he has supported. As a candidate however, Kerry's policy proposals and campaign promises are not so precisely documented, particularly in terms of their collective cost. While his campaign website provides a broad review of Kerry's policy goals, documentation on the cost of his proposals is incomplete.

Recently, the Brookings-Urban Tax Policy Center released its estimates of the long-term impact of Kerry's major tax proposals. A full picture of Kerry's plans requires a comparable ten-year study of his spending proposals, but to date, no such study has been done. The purpose of this review is to fill that gap and develop an estimate for the total impact of Kerry's spending proposals over ten years.

The National Taxpayers Union Foundation (NTUF) completed a study in July that concluded that the first-year cost of Kerry's spending proposals would be \$226.125 billion. The NTUF study, however, limited its estimates to the first year of the proposals, and therefore does not provide a longer-term outlook. The basic strategy of this study was to start with the NTUF's first-year estimates and extend them to ten-year estimates, accounting for inflation over time.² To this basic methodology, we made several adjustments:

- When the Kerry campaign has made specific estimates of the cost or savings associated with his proposals, the study typically deferred to those claims if an independent third-party estimate was not available. Where necessary, these estimates were extended to ten years using standard techniques.
- At times, the NTUF relied on cost estimates for Congressional bills similar to Kerry's proposals. In these cases, the bill text itself or Congressional Budget Office studies of the bill often provide specific cost estimates beyond the first year. Where possible, these numbers were used, instead of simply extending the NTUF first-year estimates at the rate of inflation.
- When available, cost estimates for similar Congressional bills proposed more recently than those used by the NTUF were used to estimate costs.
- Senator Kerry has proposed a number of additional programs not included in the NTUF study. When the development of a cost/savings estimate was possible, any spending and savings proposals that were omitted from the NTUF were included.

Candidates, of course, have an incentive to downplay the likely costs of their proposals. We also scrutinized Kerry's estimates of his largest proposals, and found significant

² Policy proposal costs are adjusted for inflation using an annual rate of 2.2%, which is the CBO's projected annual percentage change in the Consumer Price Index from 2006 to 2014. The summary table also includes costs adjusted at a 4.6% rate of nominal GDP growth, which is also from the CBO's most recent economic projections ("CBO's Current Economic Projections," The Budget and Economic Outlook: Fiscal Years 2005 to 2014, 1/26/04, www.cbo.gov).

discrepancies between figures available elsewhere and those cited by the Kerry campaign. These deviations are explained in more detail below. The biggest adjustments were as follows:

- *Health Care:* Using analysis by Emory University professor Ken Thorpe, Kerry claims that his health care plan will cost \$653 billion over ten years.³ During the primaries, though, Thorpe estimated that same plan would cost \$895 billion over ten years.⁴ Unfortunately, there are not enough details available to be able to thoroughly address why the estimate changed or whether all of the assumptions of the more current estimate are credible. In the more recent estimate, Thorpe attributes a substantial amount of cost savings (more than \$116 billion) to disease management achieved through the health plan. CBO testimony, however, has noted that there is no conclusive evidence that disease management programs reduce costs.⁵ Moreover, the current estimate includes almost \$80 billion in savings from the adoption of certain information technology. Many information technology developments are already being implemented by both private and public health plans. It is not obvious that Kerry's proposals would appreciably speed the adoption of information technology in the health sector. Consequently, these savings may already be in a baseline of future health costs. We judged that it was reasonable to remove these dubious sources of saving from Kerry's estimate of his health plan, raising the ten-year cost to \$849.5 billion.
- *Education:* Kerry plans to establish a \$200 billion National Education Trust Fund, to pay for new College Opportunity Tax Credits, full funding for the No Child Left Behind Act (NCLB) and the Individuals with Disabilities Education Act (IDEA), and a "School's Open 'Til Six" initiative for after-school programs.⁶ More detailed estimates available from the Brookings-Urban Tax Policy Center, the National Education Association, and the National Taxpayers Union Foundation, however, bring the total cost of these education proposals to \$266.298 billion over ten years.

On August 3, 2004, John Kerry issued his most detailed budget plan to date.⁷ Although similar in tone to his deficit reduction framework from April 7,⁸ this new plan includes some significant changes. It proposes new cost-saving measures (but without estimates of the savings), provides more specific (but debatable) cost estimates for some proposals, and revises earlier cost/savings estimates (but without justification).

³ "John Kerry's Plan to Make Health Care Affordable to Every American," http://www.johnkerry.com/pdf/kerry_health_plan.pdf and "Federal Costs and Savings Associated with Senator Kerry's Health Care Plan," Kenneth E. Thorpe, 8/2/2004, available at <http://www.sph.emory.edu/hpm/thorpe/kerry8-2-04.pdf>.

⁴ "Health Insurance Reform Proposals of the Democratic Presidential Candidates," 9/5/03, available at <http://www.factcheck.org/UploadedFiles/Ken%20Thorpe%20analysis%209-5-03.doc>.

⁵ "Disease Management in Medicare: Data Analysis and Benefit Design Issues," CBO Testimony, Sept. 19, 2002, available at <ftp://ftp.cbo.gov/37xx/doc3776/09-19-Medicare.pdf>.

⁶ "The Kerry-Edwards Plan to Honor Work and Family" and "Resources and Reform for Our Schools," www.johnkerry.com

⁷ "The Kerry-Edwards Plan to Keep Spending in Check While Investing in Priorities and Cutting Wasteful Spending," www.johnkerry.com

⁸ "John Kerry's Framework to Cut the Deficit in Half and Invest in Affordable Health Care and Better Schools," 4/7/04 Kerry Press Release, www.johnkerry.com

We incorporated these changes into our analysis as follows:

- When possible, we used third-party estimates of the savings from Kerry's new cost-saving measures.
- For proposals whose cost Kerry had not previously estimated, we treated his new estimates as we did the estimates of his earlier plan. That is, we evaluated his education proposals line-by-line and we deferred to his estimates when independent third-party estimates were not available.
- Because Kerry provides no explanation for his revisions of his own estimates, we continue to rely on independent third-party estimates when possible.

Table 1 summarizes the budget impact of Kerry's spending proposals. As mentioned, our ten-year estimates are partly built from estimates for less than ten years. To provide a range of reasonable extrapolations, we provide estimates that assume that the spending will increase at the rate of inflation and also estimates that assume that spending will increase along with nominal GDP growth.

The first two columns (labeled Kerry 1) present our estimates of the cost of Kerry's spending proposals that were detailed before August 3, 2004, assuming that spending either increases with inflation or with nominal GDP growth. The total ranges from \$2 trillion to \$2.1 trillion. The next two columns provide, for comparison, the totals for the same period and same proposals that would follow if one were to accept all of the estimates proposed by the Kerry campaign. The subsequent two columns (labeled Kerry 2) present our estimates that adjust for the changes described by the Kerry campaign on August 3, 2004. The main difference between these columns and our earlier estimate is that the campaign claims to be able to save about \$300 billion from eliminating corporate welfare, and we include this rather implausible savings in our estimate. For comparison, we also provide, in the last two columns, estimates that would follow should one accept all of the scores provided by the Kerry campaign.

Even after the revisions of August 3, 2004, our analysis suggests that the Kerry proposals would, if enacted into law, add about \$1.7 trillion in new government spending over ten years. More than half of this additional spending is attributable to Senator Kerry's health care proposals that would add more than \$900 billion in federal outlays. Education expenditure accounts for nearly one quarter of Kerry's new spending, with almost \$500 billion added over ten years. A \$400 billion expansion of military personnel and benefits for veterans comprises most of the remainder of Kerry's spending plans, with the balance distributed among numerous social programs and increases in international aid.

Kerry estimates that his proposed tax increases will raise \$860 billion in additional revenue, a figure far smaller than the cost of his spending proposals. Furthermore, while the Brookings-Urban Tax Policy Center study concurs with this revenue estimate, it also points out that without Kerry's assumption that the Bush tax cuts will be extended before the next president takes office, the plan would actually decrease revenues by nearly \$400 billion over ten years. Because Kerry's proposed spending increases are greater than the revenue that might be generated from his tax proposals (although the net discrepancy is uncertain), his plans would

increase the federal debt and federal interest outlays. These increased interest outlays would add hundreds of billions to the cost of Kerry's plans, but we do not include them in our estimates.

Finally, Kerry has also proposed to limit increases in the deficit with PAYGO rules. These rules would invalidate most if not all of Kerry's spending proposals. We make no attempt to reconcile the contradictions in the two sets of proposals detailed in this document

The next section provides the proposal-by-proposal details that go into these calculations. The subsequent section indicates how the August 3, 2004 revisions affected our estimates.

Table 1: Ten-Year Estimates of Kerry’s Spending Proposals

(in millions)	Kerry 1: Our Totals		Kerry 1: Kerry's Totals		Kerry 2: Our Totals		Kerry 2: Kerry's Totals	
	2.2% Inflation	4.6% GDP	2.2% Inflation	4.6% GDP	2.2% Inflation	4.6% GDP	2.2% Inflation	4.6% GDP
Agriculture	-1,654	-1,654	-1,654	-1,654	-1,654	-1,654	-1,654	-1,654
Civil Rights	103	110	103	110	103	110	103	110
Economy	-65,959	-76,911	-65,959	-76,911	-340,963	-351,915	-365,963	-376,915
Education	492,088	530,131	425,790	441,763	492,088	530,131	403,490	419,463
Employment	100,864	113,038	95,531	107,705	100,864	113,038	90,531	102,705
Energy	41,000	41,000	41,000	41,000	41,000	41,000	30,000	30,000
Environment	-7,266	-6,388	-8,966	-8,088	-11,300	-11,300	-14,000	-14,000
Health Care	916,219	922,294	719,719	725,794	916,219	922,294	719,719	725,794
Homeland Security	68,280	69,158	68,280	69,158	68,280	69,158	68,280	69,158
Housing	699	781	699	781	699	781	699	781
Infrastructure	2,146	2,234	2,146	2,234	2,146	2,234	2,146	2,234
International Aid	75,975	80,066	75,975	80,066	75,975	80,066	75,975	80,066
Justice/Law Enforcement	78	88	78	88	78	88	78	88
Military/Veterans Affairs	422,561	433,116	422,561	433,116	422,561	433,116	140,061	150,616
Science/Technology	0	0	0	0	-15,000	-15,000	-15,000	-15,000
<i>Add'l Savings Proposals</i>					-17,491	-17,491	-17,491	-17,491
TOTAL	2,045,134	2,107,064	1,775,303	1,815,163	1,733,605	1,794,657	1,116,974	1,155,955

II. Kerry 1: Proposed Spending Estimates Prior to August 3, 2004

II.1 Agriculture

A. Farm Subsidies: “Cut subsidies to high-income corporate farmers.”

Source: “John Kerry’s Framework to Cut the Deficit in Half and Invest in Affordable Health Care and Better Schools,” 4/7/04 Kerry press release, www.johnkerry.com

10-Year Savings: **-\$1.654 billion**

Source: The National Taxpayers Union Foundation (NTUF) relies on the Progressive Policy Institute’s (PPI) estimate that ending subsidies to wealthy farmers and agribusinesses would save \$1.654 billion over ten years (“A Return to Fiscal Responsibility: A Progressive Plan to Slash the Deficit,” Progressive Policy Institute Policy Report, February 2004, www.ppionline.org). (Note: The author of the PPI report, Paul Weinstein, Jr., is the leader of Kerry’s Reinventing Government and Management Reform advisory group.)

II.2 Civil Rights

A. Employment Non-Discrimination: Prohibit employment discrimination on the basis of sexual orientation.

Source: National Taxpayers Union Foundation (NTUF Policy Paper 153, 7/12/04, www.ntu.org)⁹

10-Year Cost: **\$49 million**

Source: The NTUF bases its cost estimate on a similar bill in the 107th Congress (S. 1284, which Kerry co-sponsored). The Congressional Budget Office estimates that this bill would increase net federal spending by \$22 million in its first five years (www.cbo.gov).¹⁰ After extending the estimate to 10 years by increasing the fifth-year estimate at the rate of inflation,¹¹ the total 10-year cost is \$49 million.

B. Hate Crimes Prosecution: “Strengthen hate crime laws...John Kerry and John Edwards also support strong enforcement and equal justice for all victims of hate crime.”

Source: “A Commitment to Hope, Opportunity, and Fairness,” Civil Rights Plan, www.johnkerry.com

10-Year Cost: **\$54 million**

Source: The NTUF bases its cost estimate on the hate crimes provision from a bill in the 107th Congress (S. 19). We update this estimate by using a bill from the 108th Congress that dealt exclusively with hate crimes. The Local Law Enforcement Enhancement Act of 2003 (S. 966, 108th Congress), which Kerry co-sponsored, authorizes \$5 million a year for two years to help state and local jurisdictions prosecute hate crimes. Assuming the full funding of this measure for ten years and adjusting for inflation, the 10-year cost is \$54 million.

⁹ John Kerry’s website has changed considerably since the NTUF study was published. Consequently, we could not always document the spending items listed in the NTUF study with a specific citation from the Kerry website. In these cases, the NTUF is listed as the sole source.

¹⁰ To simplify calculations, we do not adjust old CBO estimates or bill appropriations for inflation. Our estimates therefore understate the true current cost of these programs.

II.3 Economy

- A. Administrative Costs: “We’ll streamline government agencies and commissions and reduce out-of-control administrative costs by five percent.”

Source: “A Return to Fiscal Responsibility,” April 7, 2004 speech, www.johnkerry.com

10-Year Savings: -\$205.537 billion

Source: The NTUF relied on Rep. Lamar Smith’s 1992 estimate of \$270 billion a year in federal administrative costs. We update this estimate with the Office of Management and Budget’s projection that in FY2005, the federal government will spend \$372 billion on “contractual services and supplies,” which encompasses administrative costs such as travel and transportation, printing and copying, rental payments, and supplies and materials (“Object Class Analysis,” OMB, www.whitehouse.gov). These are the type of costs referred to by a similar bill in the 102nd Congress (H.R. 5570) to reduce federal administrative costs. Five percent of \$372 billion gives a first-year savings of \$18.6 billion. Extending that figure over ten years, the total savings is \$205.537 billion.

(Note: Kerry also promises to freeze the federal travel budget, at a projected savings of \$10 billion over ten years, and cut federal electricity use by 20 percent, at a projected savings of \$14 billion over ten years [“John Kerry’s Framework to Cut the Deficit in Half and Invest in Affordable Health Care and Better Schools,” 4/7/04 Kerry press release, www.johnkerry.com]. Because travel and utilities are included in the OMB estimate, reductions in the federal travel budget and federal electricity use are already included in this estimate and should not be counted separately.)

- B. Corporate Subsidy Reform Commission: Create a commission to recommend cuts to corporate welfare and submit them to Congress.

Source: “John Kerry’s Framework to Cut the Deficit in Half and Invest in Affordable Health Care and Better Schools,” 4/7/04 Kerry press release, www.johnkerry.com

Cost: \$4 million

Source: The NTUF bases its estimate on a similar bill in the 108th Congress (H.R. 3762) that appropriates \$4 million for the commission to carry out its duties. We cannot estimate any savings that would result from the Commission’s work.

- C. Native American Small Business Development: “John Kerry will help increase loans to Native-owned small businesses through the Small Business Administration (SBA). John Kerry has co-sponsored the Native American Small Business Development Act. This legislation would create a permanent Office of Native American Affairs at SBA and would create a new grant program to assist American Indians and Alaska Natives.”

Source: “Ensuring Tribal Sovereignty and Working to Improve the Lives of Native Americans,” www.johnkerry.com

10-Year Cost: \$60 million

Source: The Native American Small Business Development Act (S. 1126, 108th Congress) authorizes appropriations of \$7 million in each of the first four years following its enactment and \$5 million in the fifth year. Increasing the fifth-year estimate at the rate of inflation gives a 10-year cost of \$60 million.

- D. Small Business: Create a Small Business Opportunity Fund to invest in small businesses.

Source: “A New Era of Opportunity for Small Business,” www.johnkerry.com

10-Year Cost: \$1.879 billion

Source: Kerry pledges \$170 million to this fund (“A New Era of Opportunity for Small Business,” www.johnkerry.com). By discussing the importance of investing in small businesses and increasing their ability to access capital, Kerry implies that this is not just a one-time proposal; indeed, a one-time infusion of \$170 million is unlikely to make as large a difference as he claims. We therefore assume that this program would continue for ten years. With the funding increasing at the rate of inflation, the 10-year cost is \$1.879 billion. (Note: This proposal was not included in the NTUF study.)

- E. Small Manufacturers: “As president, John Kerry will double the funding for the Manufacturing Extension Partnership based on its year 2000 level, speeding adoption of new technology by small and medium-sized manufacturers.”

Source: “A Plan to Create Good-Paying Jobs at Home,” www.johnkerry.com

10-Year Cost: \$2.210 billion

Source: Kerry says that he will add \$200 million to the Manufacturing Extension Partnership and the Advanced Technology Program, a similar program (“Kerry Outlines His Jobs Program in Swing Through Midwest,” *New York Times*, 4/29/04, available at www.johnkerry.com). Given that Congress appropriated \$104,836,000 to the Manufacturing Extension Program in FY2000 (H.R. 3421, 106th Congress) and \$12,600,000 in FY2004 (www.mep.nist.gov), this is a reasonable estimate of the necessary spending increase. Assuming that Kerry continues this increased level of funding for ten years, the total 10-year cost is \$2.210 billion. (Note: This estimate is a revision of the NTUF estimate, which doubled the FY2004 funding, not the FY2000 funding.)

- F. State Assistance: Establish a State Tax Relief and Education Fund that states can use to “prevent increased taxes, increases in college tuition and cuts to public education.”

Source: “A New Direction for America’s Economy,” Kerry Press Release, 4/5/04, www.johnkerry.com

10-Year Cost: \$135.425 billion

Source: Kerry will provide \$25 billion to the states over his first two years in office—a reduction from his original pledge of \$50 billion that was included in the NTUF study (“No Accounting for Candidates’ Pledges,” *Chicago Tribune*, 7/20/04). Because it is very likely that states will come to rely on this aid, making it difficult to take away, we extend this proposal out to ten years, increasing the second-year spending estimate at the rate of inflation for a total cost of \$135.425 billion over ten years.

II.4 Education

- A. Child Care: Increase funding for the Child Care and Development Block Grant (CCDBG).

Source: National Taxpayers Union Foundation (NTUF Policy Paper 153, 7/12/04, www.ntu.org)

10-Year Cost: \$26.156 billion

Source: In FY2004, Congress appropriated \$2.1 billion for the CCDBG (H.R. 2673, 108th Congress). Kerry co-sponsored a bill that would have increased FY2004 funding for the CCDBG to \$4.467 billion (S. 261, 108th Congress). Assuming that Kerry would increase funding by this amount (\$2.367 billion) in his first year as president and continue this higher level of funding for ten years, the total 10-year cost is \$26.156 billion. (Note: This estimate is a revision of the NTUF cost estimate, which comes from a page on the Kerry website that no longer exists.)

- B. Child Care Tax Credit: “Increase the Child Care Tax Credit to cover \$5,000 of expenses and make it available to moderate-income families and stay-at-home parents.”

Source: "The Kerry-Edwards Plan to Honor Work and Family," www.johnkerry.com

10-Year Cost: \$20 billion

Source: The Kerry campaign estimates that this proposal will cost \$20 billion over ten years ("The Kerry-Edwards Plan to Honor Work and Family," www.johnkerry.com). (Note: This estimate is a revision of the NTUF cost estimate, which comes from a page on the Kerry website that no longer exists.)

- C. Dropout Prevention: Strengthen high school education by breaking up troubled large high schools, supporting the development of a rigorous curriculum, and expanding early intervention programs like GEAR UP and TRIO.

Source: "The Kerry-Edwards Plan for One Million More Americans to Graduate High School," "Building the Ladder of College Opportunity," www.johnkerry.com

10-Year Cost: \$4.5 billion

Source: The Kerry campaign estimates that these proposals will cost \$4.5 billion over ten years ("Kerry Zeroes in on High School Dropout Levels," *Los Angeles Times*, 5/5/04). (Note: This estimate is a revision of the NTUF estimate, which accounted only for funding GEAR UP.)

- D. Head Start: Expand and improve early childhood education and Head Start programs; "Head Start needs full funding, children need to be funded in this country."

Source: "Families," www.johnkerry.com; Albuquerque primary debate 9/5/03

10-Year Cost: \$59.971 billion

Source: The National Education Association estimates that full funding of Head Start requires an additional \$29 billion over five years ("Keeping the Promise to America's Preschoolers," www.nea.org). Thus we estimate the fifth-year cost of this proposal to be \$5.8 billion (one-fifth of \$29 billion). Extending that figure to ten years at the rate of inflation gives a 10-year cost estimate of \$59.971 billion. (Note: This estimate is a revision of the NTUF estimate, which relied on a bill from the 108th Congress that did not address Head Start specifically.)

- E. Immigrant Education: Enact the DREAM Act to make it easier for immigrants to attend universities in the United States.

Source: "New Spanish Language Ad 'Faith' Highlights Shared Values and Commitment to Immigration Reform," 7/21/04 Kerry Press Release, www.johnkerry.com

10-Year Cost: \$726 million

Source: The Congressional Budget Office estimates that enacting the DREAM Act (S. 1291 in the 107th Congress, S. 1545 in the 108th Congress) would increase net spending by \$726 million over 10 years (www.cbo.gov).

- F. Job Training: Expand YouthBuild and other successful job training programs.

Source: "John Kerry and John Edwards' Opportunity Agenda," 7/21/04 Kerry Press Release, www.johnkerry.com/pdf/pr_2004_0721c.pdf

10-Year Cost: \$714 million

Source: The estimated first-year cost of this spending increase is \$64.6 million based on the Bush Administration's proposed FY2005 funding of \$64.6 million for YouthBuild (www.hud.gov/content/releases/pr04-010.cfm) and YouthBuild USA's claim that this amount would fund "less than half" of their programs (www.youthbuild.org/coalition_legupdates.html).

Starting with this amount and adjusting it for inflation over ten years gives a total cost of \$714 million. (Note: This estimate is a revision of the NTUF estimate, which relies on a current spending level of \$60 million, not \$64.6 million.)

- G. National Education Trust Fund: Establish a National Education trust fund to pay for new College Opportunity Tax Credits, full funding of the No Child Left Behind Act (NCLB) and the Individuals with Disabilities Education Act (IDEA), and his “School’s Open ‘Til Six” initiative for after-school programs.

Source: “The Kerry-Edwards Plan to Honor Work and Family” and “Resources and Reform for Our Schools,” www.johnkerry.com; “Freedom, Independence, and Choices for Americans with Disabilities,” www.johnkerry.com/pdf/awd.pdf

10-Year Cost: \$266.298 billion

Source: Kerry pledges \$200 billion over ten years to a National Education Trust Fund--\$50 billion for tuition tax credits and the remaining \$150 billion for the other programs (“John Kerry’s Framework to Cut the Deficit in Half and Invest in Affordable Health Care and Better Schools,” 4/7/04 Kerry press release, www.johnkerry.com). However, he underestimates the costs of these proposals, and the total cost of the National Education Trust Fund proposals is \$266.298 billion over ten years:

1. **\$78 billion** for College Opportunity Tax Credits: The Brookings-Urban Tax Policy Center estimates that Kerry’s tuition tax credit proposal will cost \$78 billion over ten years (“Senator Kerry’s Tax Proposals,” 7/23/04, www.taxpolicycenter.org). (Note: This estimate updates the NTUF study, which was released before the Tax Policy Center study.)
2. **\$104.979 billion** for fully funding NCLB: According to the National Education Association, the FY2005 appropriations for NCLB are \$9.5 billion short of full funding (“‘No Child Left Behind’ Funding Plan Shortchanges Schools,” 7/14/04 NEA Press Release, www.nea.org). Starting with a \$9.5 billion spending increase for FY2006 and adjusting it for inflation over ten years, the total 10-year cost of Kerry’s proposal is \$104.979 billion. Kerry includes his “New Bargain with America’s Teachers” and his “School’s Open ‘Til Six” initiative as part of full funding for NCLB, so those proposals do not require separate accounting (“A Great Teacher for Every Child,” “The Kerry-Edwards Plan to Honor Work and Family,” www.johnkerry.com). (Note: This calculation updates the NTUF estimate, which was made before House Appropriations Committee passed the FY2005 education spending bill and the NEA subsequently released this statement.)
3. **\$83.320 billion** for fully funding IDEA: Based on the NTUF’s BillTally analysis of a similar program proposal from the 108th Congress (H.R. 2107), one year of full funding for IDEA would cost \$7.54 billion (NTUF Policy Paper 153, 7/12/04, www.ntu.org). Assuming a 2.2% inflation rate, the total 10-year cost is \$83.320 billion.

- H. National Service: Provide four years’ tuition at a public university to any American who performs at least two years of national service and provide financial incentives to college students and senior citizens who participate in community service.

Source: “National Service,” www.johnkerry.com

10-Year Cost: \$13 billion

Source: Kerry estimates that his national service plan will cost \$13 billion over ten years (“Kerry proposes free college plan,” USA Today, 4/14/04). Considering that Bush requested \$1.018 billion for the national service program AmeriCorps in FY2005 (Corporation for National and Community Service, www.nationalservice.org/news/pr/020204.html), Kerry’s estimate for his more extensive program seems reasonable. (Note: This estimate

uses a more recent cost estimate from the Kerry campaign to revise the NTUF's estimate.)

I. Native American Schools: Repair existing schools and build new schools in the Bureau of Indian Affairs School System.

Source: "Ensuring Tribal Sovereignty and Working to Improve the Lives of Native Americans," www.johnkerry.com

10-Year Cost: \$729 million

Source: Restoring BIA school construction funds to their FY2004 levels would increase spending by \$66 million in the first year (daschle.senate.gov/sd_nativeAm_budget.html). Starting with this \$66 million increase and adjusting it for inflation over ten years, the total 10-year cost of Kerry's spending increase is \$729 million. (Note: The NTUF made its estimate by assuming that Kerry would completely fund the estimated \$2 billion construction backlog. To be consistent, we instead follow the strategy used by the NTUF in its estimation of most of Kerry's other proposals for Native Americans: assuming that Kerry would restore funding to FY2004 levels.)

J. School Renovation: Issue bonds to "help states and school districts repair and build modern schools."

Source: "Resources and Reform for Our Schools," www.johnkerry.com

10-Year Cost: \$24.8 billion

Source: Kerry's plan would authorize \$24.8 billion in bonds ("Resources and Reform for Our Schools," www.johnkerry.com).

K. Student Aid: Increase the maximum Pell Grant and back "super" Pell Grants, which provide additional assistance for eligible students who graduate in the top 10 percent of their high school class.

Source: National Taxpayers Union Foundation (NTUF Policy Paper 153, 7/12/04, www.ntu.org)

10-Year Cost: \$88.403 billion

Source: Based on the NTUF's BillTally analysis of a similar program proposal from the 107th Congress (H.R. 124), the first year of this proposal would cost \$8 billion (NTUF Policy Paper 153, 7/12/04, www.ntu.org). Assuming a 2.2% inflation rate, the total 10-year cost is \$88.403 billion.

L. Student Loans: Raise Perkins Loans up to the level they were and above to reflect inflation.

Source: National Taxpayers Union Foundation (NTUF Policy Paper 153, 7/12/04, www.ntu.org)

10-Year Cost: \$729 million

Source: Based on FY1995 Perkins spending indexed for inflation, as offset by current spending levels, the NTUF estimates that this proposal would increase spending \$66 million in its first year (NTUF Policy Paper 153, 7/12/04, www.ntu.org). Assuming a 2.2% inflation rate, the total 10-year cost is \$729 million.

M. Student Loans Savings: Overhaul guaranteed student loans by requiring the market, not the government, to set interest rates.

Source: "The Kerry-Edwards Plan for a Record Expansion in National Service," www.johnkerry.com

10-Year Savings: **-\$14 billion**

Source: Relying on Congressional Budget Office estimates, Kerry predicts that his reforms will save \$14 billion over ten years (“The Kerry-Edwards Plan for a Record Expansion in National Service,” www.johnkerry.com). (Note: This proposal is an addition to the NTUF study.)

N. Tribal Colleges: “John Kerry supports increased funding for tribal colleges.”

Source: “Ensuring Tribal Sovereignty and Working to Improve the Lives of Native Americans,” www.johnkerry.com

10-Year Cost: **\$61 million**

Source: The NTUF assumes that Kerry would restore the funding for tribal colleges and universities that was cut in the Bush administration’s FY2005 proposals. Restoring these funds to their FY2004 levels would increase spending by \$5.5 million in the first year (daschle.senate.gov/sd_nativeAm_budget.html). Starting with this \$5.5 million increase and adjusting it for inflation over ten years, the total cost of Kerry’s spending increase is \$61 million.

II.5 Employment

A. Family and Medical Leave: Expand the Family and Medical Leave Act.

Source: “A Plan to Stand Up for American Workers,” www.johnkerry.com

10-Year Cost: **\$8.840 billion**

Source: The NTUF bases its estimate on a similar bill in the 108th Congress (S. 304), which Kerry co-sponsored. This bill authorizes appropriations of \$800 million a year. Assuming full funding that adjusts for inflation, the 10-year cost is \$8.840 billion.

B. Federal Contractors: “Reduce the number of contractors employed by the Federal government by 100,000.”

Source: “John Kerry’s Framework to Cut the Deficit in Half and Invest in Affordable Health Care and Better Schools,” 4/7/04 Kerry press release, www.johnkerry.com

10-Year Savings: **-\$44.667 billion**

Source: Kerry estimates that these cuts would save \$50 billion over ten years (“John Kerry’s Framework to Cut the Deficit in Half and Invest in Affordable Health Care and Better Schools,” 4/7/04 press release, www.johnkerry.com). The Progressive Policy Institute, however, estimates that reducing the number of federal contractors and consultants by 150,000 would save \$67 billion over ten years (“A Return to Fiscal Responsibility: A Progressive Plan to Slash the Deficit,” Progressive Policy Institute Policy Report, February 2004, www.ppionline.org). At this same rate of savings, Kerry’s plan would save \$44.667 billion over ten years. (Note: This estimate revises the NTUF study, which made its own calculation.)

C. Jobs Tax Credit: “The Kerry-Edwards New Jobs Tax Credit will cover an employer's share of payroll taxes for net new jobs created in manufacturing, other businesses affected by outsourcing, and small business.”

Source: “A Plan to Create Good-Paying Jobs at Home,” www.johnkerry.com

10-Year Cost: **\$119.174 billion**

Source: Kerry says that the tax credit will be offered only in 2005 and 2006 and estimates that it will cost \$11 billion each year (“A Plan to Create Good-Paying Jobs at Home,” www.johnkerry.com; “Kerry to Offer Cut in Corporate Taxes,” *Washington Post*, 3/26/04). Given the difficulties of terminating a tax credit—i.e., raising taxes—we extend

this proposal to ten years, increasing the second-year spending estimate at the rate of inflation for a total cost of \$119.174 billion over ten years. (Note: This proposal is an addition to the NTUF study.)

D. **Minimum Wage: Increase the minimum wage to \$7.00 an hour by 2007.**

Source: "A Plan to Stand Up for American Workers," www.johnkerry.com

10-Year Cost: \$16 million

Source: The Congressional Budget Office estimates that a similar proposal from the 107th Congress (S. 277) would increase net federal spending by \$12 million in its first year, \$2 million in each of the two following years, and nothing thereafter (www.cbo.gov). (Note: This estimate revises the NTUF study by relying on a bill that more directly concerns increasing the minimum wage.)

E. **Unemployment Benefits: Allow over one million workers who have already exhausted their unemployment benefits without finding a job to get relief.**

Source: National Taxpayers Union Foundation (NTUF Policy Paper 153, 7/12/04, www.ntu.org)

10-Year Cost: \$17.5 billion

Source: The Congressional Budget Office estimates that a similar bill from the 108th Congress (S. 1708), which Kerry co-sponsored, would increase net spending by \$17.5 billion over ten years (www.cbo.gov). (Note: This estimate updates the NTUF study by using a bill from the 108th Congress instead of the 107th Congress.)

II.6 Energy

A. **Clean Coal: "Transition from the current generation of older and dirtier coal plants to cleaner and more advanced coal-fired power plants."**

Source: "A Plan for American Leadership in Energy Technology," www.johnkerry.com

10-Year Cost: \$10 billion

Source: For this initiative, Kerry plans to invest \$10 billion over the next ten years ("A Plan for American Leadership in Energy Technology," www.johnkerry.com).

B. **Energy-Efficient Vehicles: "Provide \$10 billion in new incentives for the American automobile industry to lead the world in building Advanced Technology Vehicles and make them affordable through a \$4,000 tax credit for consumers who buy them."**

Source: "We Can Be Freer, We Can Be Stronger and We Can Live in an Energy Independent America," 5/26/04 Kerry press release, www.johnkerry.com

10-Year Cost: \$10 billion

Source: Kerry plans to spend \$10 billion on incentives for the auto industry ("We Can Be Freer, We Can Be Stronger and We Can Live in an Energy Independent America," 5/26/04 Kerry press release, www.johnkerry.com). It is unclear how much the tax credits will cost.

C. **Renewable Energy Trust Fund: To invest in the development of renewable energy to reduce U.S. oil dependence.**

Source: "Kerry Statement on Impact of Gas Prices on Middle Class and Saudi Gas Pledge," 4/19/04 Kerry press release, www.johnkerry.com

10-Year Cost: \$20 billion

Source: Kerry estimates that the trust fund will spend \$20 billion over ten years (“2 Democrats to Lay Out Policies,” Des Moines Register, 6/13/03).

- D. **Small Business Energy Consumption:** “Provide a 20 percent tax credit for the purchase of energy-efficient building equipment, including electric heat pumps, hot water heaters, and natural gas heat pumps.”

Source: “A New Era of Opportunity for Small Business,” www.johnkerry.com

10-Year Cost: \$1 billion

Source: Based on Treasury estimates of similar proposal in 2000, the Brookings-Urban Tax Policy Center estimates that the tax credits will cost \$1 billion over ten years (“Senator Kerry’s Tax Proposals,” 7/23/04, www.taxpolicycenter.org).

II.7 Environment

- A. **Conservation:** Ensure that the Conservation Security Program (CSP) receives adequate funding.

Source: “Fighting for Farmers,” www.johnkerry.com

10-Year Cost: \$1.542 billion

Source: In 2002, when the CSP was created by the 2002 Farm Bill (H.R. 2646, 107th Congress), the Congressional Budget Office estimated that its 10-year budget authority would be \$2 billion (www.cbo.gov). In FY2004, however, Congress appropriated \$41.443 million for the CSP. If funding continued at that level over ten years with adjustment for inflation, CSP would be \$1.542 billion short of full funding. We therefore estimate the cost of Kerry’s proposal to be \$1.542 billion over ten years. (Note: This estimate is a revision of the NTUF study, which relied on cost estimates for a bill in the 107th Congress that became law.)

- B. **Endangered Species:** Increase funding to protect habitat for endangered species conservation.

Source: National Taxpayers Union Foundation (NTUF Policy Paper 153, 7/12/04, www.ntu.org)

10-Year Cost: \$464 million

Source: The NTUF estimates that this proposal would cost \$42 million in its first year based on the difference between the Endangered Species Coalition’s request for \$110 million in FY2005 to fund the recovery category of the Endangered Species Act (www.stopextinction.org) and the Bush administration’s proposed FY2005 funding of \$58 million (budget.fws.gov). Starting with this amount and adjusting it for inflation over ten years gives a total cost of \$464 million.

- C. **Inner City Parks:** “Revitalize and expand our parks and recreation areas by funding the Urban Park and Recreation Recovery Program (UPARR).”

Source: “The Kerry-Edwards Vision for A Cleaner Environment, A Stronger Economy, and Healthier Communities,” www.johnkerry.com/pdf/vision.pdf

10-Year Cost: \$553 million

Source: The NTUF estimates that this proposal would cost \$50 million in its first year based on the difference between the National Recreation and Park Association’s recommendation for \$50 million for UPARR in FY2004 (/www.nrpa.org/content/default.aspx?documentId=1095) and its

actual FY2004 funding level of zero (National Center for Recreation and Conservation, www.ncrc.nps.gov/uparr/). Starting with this amount and adjusting it for inflation over ten years gives a total cost of \$553 million.

D. Land and Water Conservation Fund: Fully fund LWCF and make funds available for the acquisition of coastal lands.

Source: National Taxpayers Union Foundation (NTUF Policy Paper 153, 7/12/04, www.ntu.org)

10-Year Cost: \$6.476 billion

Source: The NTUF estimates that this proposal would cost \$586 million in its first year based on the difference between the \$900 million authorized annually for the LWCF (www.fs.fed.us/land/staff/LWCF/) and the Bush administration's proposed FY2005 funding of \$314 million (League of Conservation Voters, www.lcv.org/fedfocus/fedfocus.cfm?ID=2184&c=5). Starting with this amount and adjusting it for inflation over ten years gives a total cost of \$6.476 billion.

E. Mineral Rights: "Collect royalties for mineral rights on Federal lands."

Source: "John Kerry's Framework to Cut the Deficit in Half and Invest in Affordable Health Care and Better Schools," 4/7/04 Kerry press release, www.johnkerry.com

10-Year Savings: -\$1 billion

Source: Kerry estimates that this proposal will increase federal revenues by \$1 billion over ten years ("John Kerry's Framework to Cut the Deficit in Half and Invest in Affordable Health Care and Better Schools," 4/7/04 Kerry press release, www.johnkerry.com). (Note: This estimate revises the NTUF study, which made its own calculation instead of relying on the estimate from the Kerry campaign.)

F. Superfund: Extend the Superfund cleanup requirements on businesses; i.e. restore the "polluter pays" tax.

Source: "John Kerry's Framework to Cut the Deficit in Half and Invest in Affordable Health Care and Better Schools," 4/7/04 Kerry press release, www.johnkerry.com; "Kerry Targets Budget Deficit," Washington Post 4/8/04.

10-Year Cost: -\$15.3 billion

Source: Kerry estimates that this proposal would increase federal revenues by \$17 billion over ten years ("John Kerry's Framework to Cut the Deficit in Half and Invest in Affordable Health Care and Better Schools," 4/7/04 Kerry press release, www.johnkerry.com). The Progressive Policy Institute, however, estimates that reinstating Superfund taxes would increase revenues by only \$15.3 billion over ten years ("A Return to Fiscal Responsibility: A Progressive Plan to Slash the Deficit," Progressive Policy Institute Policy Report, February 2004, www.ppionline.org for I-A). (Note: This estimate revises the NTUF study, which relied on an enacted bill from the 107th Congress.)

II.8 Health Care

A. AIDS Research: "As president, John Kerry will increase AIDS research funding at the National Institutes of Health, the Center for Disease Control and other agencies."

Source: "The Kerry-Edwards Plan to Respond to the AIDS Crisis," www.johnkerry.com

10-Year Cost: \$1.768 billion

Source: The NTUF estimates that this proposal would cost \$160 million in its first year based on the difference between the \$240 million increase requested by the AIDS community for NIH in FY2005 and the Bush administration's proposed FY2005 funding increase of \$80 million (AIDS Action, 2/11/04, www.georgiaaids.org/_articles/00000031.htm). Starting with this amount and adjusting it for inflation over ten years gives a total cost of \$1.768 billion.

B. Community Living: Enact MiCASSA and the Money Follows the Person Act to promote the provision of community-based health support services.

Source: "Freedom, Independence, and Choices for Americans with Disabilities," www.johnkerry.com/pdf/awd.pdf

10-Year Cost: \$4.151 billion

Source: In the 108th Congress, Kerry co-sponsored MiCASSA (S. 971) and the Money Follows the Person Act (S. 1394). MiCASSA authorized \$50 million a year for three years to provide grants to help states improve community-based services, and the Money Follows the Person Act appropriated \$350 million a year for 5 years to fund state demonstration projects. Assuming that these programs are extended for ten years with adjustments for inflation, the total cost of enacting these two bills is \$4.151 billion. (Note: This is an addition to the NTUF study.)

C. Drug Treatment: Increase funding for "treatment on demand" programs.

Source: National Taxpayers Union Foundation (NTUF Policy Paper 153, 7/12/04, www.ntu.org)

10-Year Cost: \$1.292 billion

Source: The NTUF bases its estimate on a similar bill in the 107th Congress (S. 160) that authorized \$125 million a year for five years to be appropriated for alternative treatment programs. Assuming full funding and extending the program for ten years by adjusting the fifth-year cost estimate at the rate of inflation, the 10-year cost of Kerry's proposal is \$1.292 billion.

D. Health Care Plan: Kerry's comprehensive health care plan will extend coverage to 95 percent of Americans, including providing health care coverage for every child in America. This plan includes tax credits for small businesses, laid-off workers, and early retirees to purchase health care coverage.

Source: "Health Care," www.johnkerry.com

10-Year Cost: \$849.5 billion

Source: Kerry estimates that his entire health care plan will cost \$653 billion over ten years, including \$177 billion for the tax cuts ("John Kerry's Framework to Cut the Deficit in Half and Invest in Affordable Health Care and Better Schools," 4/7/04 Kerry press release, www.johnkerry.com). Removing questionable cost savings from disease management and information technology included in Thorpe's estimates of the Kerry plan puts the cost of the plan at \$849.5 billion over ten years ("Federal Costs and Savings Associated with Senator Kerry's Health Care Plan," Kenneth E. Thorpe, 8/2/2004, available at <http://www.sph.emory.edu/hpm/thorpe/kerry8-2-04.pdf>).

E. Immigrant Health Care: Restore health care benefits to legal immigrants.

Source: National Taxpayers Union Foundation (NTUF Policy Paper 153, 7/12/04, www.ntu.org)

10-Year Cost: \$11.606 billion

Source: The NTUF estimates the cost of this proposal from the projected savings from the Personal Responsibility and Work Opportunity Act of 1996, which restricted Medicaid benefits for legal immigrants (NTUF Policy Paper 153, 7/12/04, www.ntu.org). In 1996, the Congressional Budget

Office estimated that this law would save \$5.290 billion over 6 years. Extending the law to ten years by growing the sixth-year estimate at the rate of inflation gives a ten-year savings estimate of \$11.606; undoing the law would thus cost an estimated \$11.606 billion over ten years (www.cbo.gov).

- F. **Minority AIDS Initiative:** “John Kerry supports the highest level of funding for the Minority HIV/AIDS Initiative (MHAI) which assists in community efforts to improve the public health infrastructure to better respond to the epidemic.”

Source: “The Kerry-Edwards Plan to Respond to the AIDS Crisis,” www.johnkerry.com

10-Year Cost: \$2.221 billion

Source: The NTUF estimates that this proposal would cost \$201 million in its first year based on the difference between the \$204 million increase requested by the AIDS community for MHAI in FY2005 and the Bush administration’s proposed FY2005 funding increase of \$3 million (AIDS Action, 2/11/04, www.georgiaaids.org/_articles/00000031.htm). Starting with this amount and adjusting it for inflation over ten years gives a total cost of \$2.221 billion.

- G. **Native American Health Services:** “The Indian Health Service is severely under funded, and Senator Kerry supports meaningful increases for this vital means of providing health care to Native communities.”

Source: “Ensuring Tribal Sovereignty and Working to Improve the Lives of Native Americans,” www.johnkerry.com

10-Year Cost: \$37.571 billion

Source: The NTUF uses Senator Tom Daschle’s estimate that \$5.5 billion is necessary for full funding in FY2005, which is \$3.4 billion greater than the Bush administration’s proposed FY2005 funding (daschle.senate.gov/sd_nativeAm_budget.html). Starting with this \$3.4 billion increase and adjusting it for inflation over ten years, the total cost of Kerry’s spending increase is \$37.571 billion.

- H. **Ryan White Act:** “As president, John Kerry will increase funding for the Ryan White CARE Act.”

Source: “The Kerry-Edwards Plan to Respond to the AIDS Crisis,” www.johnkerry.com

10-Year Cost: \$3.138 billion

Source: The NTUF estimates that this proposal would cost \$284 million in its first year based on the difference between the \$319 million increase requested by the AIDS community for the Ryan White CARE Act in FY2005 and the Bush administration’s proposed FY2005 funding increase of \$35 million (AIDS Action, 2/11/04, www.georgiaaids.org/_articles/00000031.htm). Starting with this amount and adjusting it for inflation over ten years gives a total cost of \$3.138 billion.

- I. **Substance Abuse Treatment: Enact the Child Protection/Alcohol and Drug Partnership Act.**

Source: National Taxpayers Union Foundation (NTUF Policy Paper 153, 7/12/04, www.ntu.org)

10-Year Cost: \$4.970 billion

Source: This bill from the 107th Congress (H.R. 1909) authorizes appropriations of \$200 million, \$275 million, \$375 million, \$475 million, and \$575 million in its first five years, respectively. Assuming full funding of the bill and a 2.2% inflation rate after the fifth year, the 10-year cost is \$4.970 billion.

II.9 Homeland Security

A. Community Oriented Policing: Restore funding to the COPS program.

Source: "A Plan for Safer Communities," www.johnkerry.com

10-Year Cost: **\$9.787 billion**

Source: The NTUF bases its estimate on a similar bill co-sponsored by Kerry in the 107th Congress (S. 924), which the Congressional Budget Office estimates would increase net spending by \$138 million, \$460 million, \$748 million, \$1.150 billion, and \$1.150 billion in its first five years, respectively (www.cbo.gov). After extending the estimate to 10 years by increasing the fifth-year estimate at a 2.2% yearly inflation rate, the total 10-year cost is \$9.787 billion.

B. Community Reimbursement: "John Kerry has proposed to create an "Orange Alert Fund" to reimburse communities for some of the additional costs incurred by responding to a higher threat level."

Source: "Kerry-Edwards Campaign Unveils New Round of National Ads Highlighting Their Positive Vision for America," 7/7/04 Kerry Press Release, www.johnkerry.com

10-Year Cost: **\$2.089 billion**

Source: Based on the number of Orange Alert days in 2003 (63 days) and the assumption that each day costs communities \$3 million (an assumption consistent with Kerry's claim that it "costs several million dollars a day to raise the threat level" ["Kerry-Edwards Campaign Unveils New Round of National Ads Highlighting Their Positive Vision for America," 7/7/04 Kerry Press Release, www.johnkerry.com]), the NTUF estimates that the first year of Kerry's plan would cost \$189 million (NTUF Policy Paper 153, 7/12/04, www.ntu.org). Assuming that the number of Orange Alert days per year stays the same over the next 10 years and adjusting for inflation, the 10-year cost is \$2.089 billion.

C. Facility Security: Improve security at chemical and nuclear facilities.

Source: "The Kerry-Edwards Plan for Homeland Security," www.johnkerry.com

10-Year Cost: **\$40 billion**

Source: Graham Allison, a senior Kerry adviser, estimates the cost to be between \$30 and 50 billion over four years ("Kerry Says He'd Secure Nuclear Materials," Boston Globe, 6/2/04). (Note: This estimate is a revision of the NTUF estimate, which only included chemical facilities.)

D. Firefighters: Create a "Father Judge Fund that puts 100,000 more firefighters on duty."

Source: "Kerry Holds Town Meeting on America's Security—Discusses Plan to Fight the War on Terrorism and Protect the Homeland," 3/4/04 Kerry Press Release, www.johnkerry.com

10-Year Cost: **\$11.405 billion**

Source: The NTUF bases its estimate on a similar bill in the 108th Congress (S. 6, Sec. 2001), which authorizes appropriations of \$7.663 billion over 7 years. Assuming full funding and using a 2.2% interest rate to extend the proposal to 10 years, the total 10-year cost is \$11.405 billion.

E. Port Security: Protect our borders and shores, including improving security inspections of container shipments.

Source: "The Kerry-Edwards Plan for Homeland Security," www.johnkerry.com

10-Year Cost: \$5 billion

Source: As cited by the NTUF, experts estimate that the cost of equipping all major ports with large scanners would be \$5 billion. (“Shipping containers could hide threat to U.S.,” USA Today, 2/27/02).

II.10 Housing

- A. AIDS Patient Housing: Increase resources for the Housing Opportunities for People with AIDS (HOPWA) program.

Source: “The Kerry-Edwards Plan to Respond to the AIDS Crisis,” www.johnkerry.com

10-Year Cost: \$575 million

Source: The NTUF estimates that this proposal would cost \$52 million in its first year based on the difference between the \$350 million requested by the AIDS community for HOPWA in FY2005 and the Bush administration’s proposed FY2005 funding increase of \$298 million (AIDS Action, 2/11/04, www.georgiaaids.org/_articles/00000031.htm). Starting with this amount and adjusting it for inflation over ten years gives a total cost of \$575 million.

- B. Native American Housing: “John Kerry will work to improve homeownership and to build safe, affordable housing in Indian Country.”

Source: “Ensuring Tribal Sovereignty and Working to Improve the Lives of Native Americans,” www.johnkerry.com

10-Year Cost: \$125 million

Source: The NTUF assumes that Kerry would restore the funding for the Native American Housing Block Grant and the Indian Loan Guarantee Fund Program that was cut in the Bush administration’s FY2005 proposals. Restoring these funds to their FY2004 levels would increase spending by \$11.3 million in the first year (daschle.senate.gov/sd_nativeAm_budget.html). Starting with this \$11.3 million increase and adjusting it for inflation over ten years, the total cost of Kerry’s spending increase is \$125 million.

II.11 Infrastructure

- A. Accessible Transportation: Increase funding for Project ACTION to \$10 million per year and expand their role in ensuring that consumers are aware of their civil rights with regard to transportation services.

Source: “Freedom, Independence, and Choices for Americans with Disabilities,” www.johnkerry.com/pdf/awd.pdf

10-Year Cost: \$77 million

Source: As cited by the NTUF, FY2004 funding for Project ACTION is \$3 million (“Easter Seals: Project ACTION Issue Page,” www.easterseals.com). Assuming that both the current level of funding and Kerry’s proposed level of funding would adjust for inflation over ten years, Kerry’s proposal would increase federal spending by \$77 million over ten years.

- B. High-Speed Rail: Build high-speed rail where it makes sense to create jobs, reduce traffic, and help people and products get where they need to go.

Source: National Taxpayers Union Foundation (NTUF Policy Paper 153, 7/12/04, www.ntu.org)

10-Year Cost: \$352 million

Source: The NTUF study relies on a similar bill in the 107th Congress (H.R. 2950, Sec. 26104), which authorizes appropriations of \$35 million a year for 8 years. Assuming full funding and extending the proposal to 10 years with adjustment for inflation, the total 10-year cost is \$352 million.

C. Reservation Infrastructure: “John Kerry supports increased funding for roads and other infrastructure projects in Indian Country.”

Source: “Ensuring Tribal Sovereignty and Working to Improve the Lives of Native Americans,” www.johnkerry.com

10-Year Cost: \$1.716 billion

Source: Based on the NTUF’s BillTally analysis of a similar program proposal from the 108th Congress (S. 1165), the first five years of Kerry’s proposed program would cost \$75 million, \$105 million, \$135 million, \$165 million, and \$195 million, respectively (www.ntu.org). Assuming a 2.2% inflation rate after the fifth year, the total 10-year cost is \$1.716 billion.

II.12 International Aid

A. Global Fund: Provide \$30 billion by 2008 to fight AIDS, tuberculosis, and malaria around the world.

Source: “The Kerry-Edwards Plan to Respond to the AIDS Crisis,” www.johnkerry.com

10-Year Cost: \$75.975 billion

Source: According to the Global Fund, the United States currently has pledged close to \$1 billion by 2008 (www.theglobalfund.org/en/files/pledges&contributions.xls). Kerry’s proposal is thus a \$29 billion increase in spending over four years, or \$7.25 billion a year. Assuming that the United States continues this higher level of funding past 2008, the total 10-year cost, adjusted for inflation, is \$75.975 billion.

II.13 Justice and Law Enforcement

A. Tribal Courts: “John Kerry supports increased funding for tribal courts.”

Source: “Ensuring Tribal Sovereignty and Working to Improve the Lives of Native Americans,” www.johnkerry.com

10-Year Cost: \$23 million

Source: The NTUF assumes that Kerry would restore the funding for the Tribal Courts Program that was cut in the Bush administration’s FY2005 proposals. Restoring these funds to their FY2004 levels would increase spending by \$2.1 million in the first year (daschle.senate.gov/sd_nativeAm_budget.html). Starting with this \$2.1 million increase and adjusting it for inflation over ten years, the total cost of Kerry’s spending increase is \$23 million.

B. Tribal Law Enforcement: Provide resources to under funded and understaffed law enforcement agencies in Indian Country.

Source: “Ensuring Tribal Sovereignty and Working to Improve the Lives of Native Americans,” www.johnkerry.com

10-Year Cost: \$55 million

Source: The NTUF assumes that Kerry would restore the funding for the Tribal Community-Oriented Policing Services program that was cut in the Bush administration's FY2005 proposals. Restoring these funds to their FY2004 levels would increase spending by \$5 million in the first year (daschle.senate.gov/sd_nativeAm_budget.html). Starting with this \$5 million increase and adjusting it for inflation over ten years, the total cost of Kerry's spending increase is \$55 million.

II.14 Military and Veterans Affairs

- A. Full Concurrent Receipt: Enact "full concurrent receipt" to allow all disabled veterans to receive full pension and disability payments.

Source: "Keeping the Promise, Keeping the Bond," www.johnkerry.com

10-Year Cost: \$32.5 billion

Source: The National Defense Authorization Act of Fiscal Year 2004 (H.R. 1588, 108th Congress established a phase-in plan of full concurrent receipt for some veterans, which the Congressional Budget Office (CBO) estimates would increase spending by \$16.3 billion over ten years (www.cbo.gov). Kerry, however, supports full concurrent receipt for all disabled veterans, starting immediately, which the CBO estimates would cost \$48.8 billion over ten years ("The Cost of Providing Retirement Annuities and Veterans' Disability Compensation to Certain Retirees of the Uniformed Services," CBO Senate Testimony 3/27/03, www.cbo.gov). The net cost of Kerry's proposal is thus \$32.5 billion over ten years. (Note: This is an addition to the NTUF study.)

- B. Military Family Bill of Rights: Permanently extend TRICARE health care eligibility to National Guard and Reserve members, provide \$250,000 on top of their present life insurance policies for all service members who die in the line of duty, allow the spouses and children of those killed in action to remain in military housing for up to a year, provide one year of pay to military dependents of soldiers killed in action, and make permanent increases in the family separation allowance.

Source: "A Military Family Bill of Rights," www.johnkerry.com

10-Year Cost: \$1.658 billion

Source: As cited by the NTUF study, the Kerry campaign estimates that the program would cost \$150 million a year ("Clash Deepens Over Wartime Leadership," *Los Angeles Times*, 3/18/04). Adjusting for inflation over ten years, the total cost is thus \$1.658 billion.

- C. Military Personnel: Add 40,000 troops to the active duty Army.

Source: "A New Military to Meet New Threats," www.johnkerry.com

10-Year Cost: \$88.403 billion

Source: The Kerry campaign estimates that the proposed troop increases will cost "up to \$8 billion a year" ("Kerry outlines his military plan," *Baltimore Sun*, 3/18/04; available at www.johnkerry.com). Adjusting for inflation over ten years, the total cost is thus \$88.403 billion. (Note: This estimate is a revision to the NTUF study, which made its own calculation instead of relying on the estimate from the Kerry campaign.)

- D. Veterans Health: "As president, John Kerry will insist on mandatory funding for veterans' health care to ensure that no veteran's health need ever goes unmet."

Source: "Keeping the Promise, Keeping the Bond," www.johnkerry.com

10-Year Cost: \$300 billion

Source: On June 22, 2004, Kerry left the campaign trail to vote in favor of a Senate amendment (S.A. 3468, which he co-sponsored) that would ensure full funding for veterans' health care. Aides to Senator Daschle, who sponsored the amendment, estimated the cost of the proposal to be \$300 billion over ten years ("Kerry Outmaneuvered in Rare Attempt to Vote," *Los Angeles Times*, 6/23/04; "Kerry Has Secretive Meeting With Edwards," *Associated Press*, 6/23/04). (Note: This estimate updates the NTUF estimate with a more recent bill.)

II.15 Science and Technology

- A. **Technology Plan:** Provide tax incentives to invest in startups, research and development, and broadband networks; increase the budgets of federal agencies that fund research and development, including the National Institutes of Health, NASA, and the National Science Foundation; and equip all first responders to emergencies with broadband connections by the end of 2006.

Source: "Kerry Pitches \$30 Billion Tech Investment Plan," *Information Week*, 6/24/04; "Science and Technology," www.johnkerry.com

10-Year Cost: \$30 billion

Source: Kerry estimates that his technology investment plan will cost \$30 billion ("Kerry Pitches \$30 Billion Tech Investment Plan," *Information Week*, 6/24/04). (Note: This is an addition to the NTUF study.)

- B. **Spectrum Auctions:** Accelerate the transition to digital cable, thus freeing up the spectrum currently used for analog broadcasts. Allocate this spectrum to emergency first responders, unlicensed public use, and auction for licensed use.

Source: "A Plan to Create Millions of High-Wage Jobs in the Industries of the Future," www.johnkerry.com

10-Year Savings: -\$30 billion

Source: Kerry estimates that the spectrum auctions will raise \$30 billion ("A Plan to Create Millions of High-Wage Jobs in the Industries of the Future," www.johnkerry.com). (Note: This is an addition to the NTUF study.)

III. Kerry 2: Revisions to the Above Proposals as of August 3, 2004

III.1 New Cost-Saving Measures

- A. **Eliminate the Office of Thrift Supervision**

10-Year Savings: -\$120 million

Source: The Progressive Policy Institute estimates that merging the Office of Thrift Supervision and Comptroller of the Currency would save \$120 million over ten years ("A Return to Fiscal Responsibility: A Progressive Plan to Slash the Deficit," *Progressive Policy Institute Policy Report*, February 2004, www.ppionline.org).

B. Eliminate major statistical agencies and establish a single Statistics USA

10-Year Savings: -\$50 million

Source: The Progressive Policy Institute estimates that consolidating statistical agencies would save \$50 million over ten years (“A Return to Fiscal Responsibility: A Progressive Plan to Slash the Deficit,” Progressive Policy Institute Policy Report, February 2004, www.ppionline.org).

C. Eliminate trade promotion agencies and consolidate activities

10-Year Savings: -\$321 million

Source: The Progressive Policy Institute estimates that combining the Overseas Private Investment Corporation and Export-Import Bank and encouraging efficiencies would save \$321 million over ten years (“A Return to Fiscal Responsibility: A Progressive Plan to Slash the Deficit,” Progressive Policy Institute Policy Report, February 2004, www.ppionline.org).

D. Merge the Commerce Department’s NTIA and TA

10-Year Savings: ???

E. Cut top-heavy bureaucracy at Federal agencies

10-Year Savings: ???

F. Implement the GAO’s recommendations to eliminate wasteful mismanagement of the government’s vehicle fleet

10-Year Savings: -\$1 billion

Source: The Progressive Policy Institute estimates that a similar proposal to trim the Federal vehicle budget by 5 percent would save \$1 billion over ten years (“A Return to Fiscal Responsibility: A Progressive Plan to Slash the Deficit,” Progressive Policy Institute Policy Report, February 2004, www.ppionline.org).

G. Extend Customs User Fees

10-Year Savings: -\$16 billion

Source: Kerry estimates that this proposal would increase federal revenues by \$16 billion over ten years (“The Kerry-Edwards Plan to Keep Spending in Check While Investing in Priorities and Cutting Wasteful Spending,” www.johnkerry.com).

III.2 More Specific Cost Estimates

A. Education: In this press release, Kerry drops the loose language of his “National Education Trust Fund” and instead accounts for his major proposals individually.

1. Fully funding NCLB: As he has said before (“Resources and Reform For Our Schools,” www.johnkerry.com), Kerry pledges \$100 billion to fully fund NCLB. Within that amount, however, he includes his \$4.5 billion high school improvement proposal, which previously had been accounted separately from

NCLB (“Kerry Zeroes in on High School Dropout Levels,” Los Angeles Times, 5/5/04; “The Kerry-Edwards Plan for One Million More Americans to Graduate High School,” “Building the Ladder of College Opportunity,” www.johnkerry.com). Our analysis based on NEA estimates puts the cost of fully funding NCLB at \$104.979 billion, and we continue to account the high school improvement separately (See II.4.G.2 and II.4.C).

2. Fully funding IDEA: Kerry had not previously assigned a cost estimate to this proposal. He now estimates that it will cost \$47 billion over ten years. Our analysis, however, puts the cost at \$83.320 billion over ten years (See II.4.G.3).
 3. College Opportunity Tax Credit: Kerry has increased his original cost estimate to \$52 billion over ten years, but this estimate still falls short of the Brookings-Urban Tax Policy Center’s cost estimate of \$78 billion (See II.4.G.1).
 4. School Modernization Bonds: Kerry now estimates spending \$8 billion over ten years on these bonds, even though he had earlier pledged \$24.8 billion (See II.4.J). Nothing on his website suggests that he has scaled back this proposal, so we continue to use the \$24.8 billion figure.
- B. Environment: Kerry assigns a cost of \$5 billion over ten years for his environmental spending initiatives. Our line-item analysis of his proposals puts the cost at \$9.034 billion over ten years; however, without a third-party evaluation, we defer to Kerry’s estimate (See II.7.A, B, C, and D).
- C. Full Concurrent Receipt: Kerry estimates that enacting full concurrent receipt will cost \$24 billion over ten years. The CBO, however, estimates the cost at \$32.5 billion over ten years (See II.14.A).
- D. Veterans Health: Kerry estimates that his commitment to mandatory funding for veterans’ health care will cost \$26 billion over ten years, noting that “this is the incremental cost above the spending in the health plan that will already cover veterans. This is lower than what a standalone policy to make veterans health mandatory would cost.” It is unclear what he means by this, since his comprehensive health care plan does not seem to have any specific provisions for veterans (“John Kerry’s Plan to Make Health Care Affordable to Every American,” www.johnkerry.com). Furthermore, Kerry estimates the cost of his health plan to be \$653 billion over ten years (See II.8.D), yet the estimated cost of mandatory funding for veterans’ health care is \$300 billion over ten years (See II.4.D). Given that his health plan “provides coverage for 95 percent of Americans” with a focus on children, working parents, and small businesses, it seems unlikely that nearly half of the spending could be dedicated to veterans.
- E. Corporate Welfare Commission: Kerry now projects that establishing a Corporate Welfare Commission will save \$300 billion over ten years. The Progressive Policy Institute, however, puts the savings at \$275 billion over ten years (“A Return to Fiscal Responsibility: A Progressive Plan to Slash the Deficit,” Progressive Policy Institute Policy Report, February 2004, www.ppionline.org).

III.3 Revised Cost Estimates

- A. Energy: Kerry now labels his energy initiatives with a \$30 billion price tag over ten years. The origin of this number is not specified, even though it contradicts his earlier campaign pledges, which total \$41 billion over ten years (See II.6.A, B, C, and D).
- B. Superfund: Kerry estimates 10-year savings of \$18 billion from restoring the “polluter pays” Superfund taxes, even though he previously estimated the savings at \$17 billion (See II.7.F). No explanation is given for the revision.
- C. Electricity: Kerry now estimates that his plan to cut the Federal electricity bill by 20 percent will save \$16 billion over ten years, an increase over his previous estimate of \$14 billion (which we included in his proposal to reduce administrative costs, see II.3.A), which itself was an increase over his previous estimate of \$8 billion (“Making the United States a Safer, Cleaner, and Stronger Nation,” no longer available at the Kerry website [www.johnkerry.com/issues/energy/plan.html], but available at www.independentsforkerry.org/uploads/media/issue-energy.html).
- D. Military families: Kerry estimates that “other military families” spending will cost \$5 billion over ten years, even though he previously estimated the cost of his “Military Family Bill of Rights” to be \$1.681 billion over ten years (See II.14.B).
- E. Spectrum Auctions: Kerry estimates that spectrum sales will raise “between \$30 billion and \$60 billion” over ten years, even though he previously estimated the revenues at \$30 billion precisely (See II.15.B). No explanation is given for the revision, but because we do not have a third-party estimate of this proposal, we split the difference and estimate the savings to be \$45 billion over ten years.
- F. Federal Contractors: Kerry estimates that cutting 100,000 Federal contractors will save \$55 billion over ten years, even though he previously estimated the savings at \$50 billion (See II.5.B). No explanation is given for the revision.