Center for American Progress Action Fund

ROMNEY U

The Real Cost of the Romney-Ryan Plan to Coloradans

September 18, 2012

Introduction

Behind dramatically different economic visions and a deluge of attack ads, this election comes down to numbers. Many Coloradans—and many families across the United States—are asking what this will mean at the kitchen table. What will be the cost of a second term of President Barack Obama and Vice President Joe Biden or a first term led by former Massachusetts Governor Mitt Romney and his running mate, Rep. Paul Ryan (R-WI)? The answer is that, in concrete and quantifiable ways, a Romney-Ryan presidency would mean higher taxes for the middle class, out-of-pocket health expenses for current seniors, fewer college loans and fewer health care options for young people, and the reintroduction of corporate outsourcing tax loopholes that have sent so many jobs overseas.

The nonprofit organizations ProgressNow Colorado and the Center for American Progress Action Fund examined the economic and tax agenda of Gov. Romney and Rep. Ryan, taking a close look at how their policies would affect the way Coloradans live and work. The price tag includes:

- **Middle-class Coloradans would pay more in taxes while millionaires pay less.** Millionaires in the state would receive an additional $87,000 in tax breaks under the tax plans of Gov. Romney and Rep. Ryan while middle-class families would pay up to $1,900 more in health care taxes and have to pay $1,066 more because of reductions in the mortgage interest deductions.

- **Jobs would decline across Colorado.** Gov. Romney and Rep. Ryan plan to provide extra tax incentives for corporations to outsource jobs and are pushing policy proposals to cripple the clean energy industry, jeopardizing 70,000 jobs across the state.

- **Drastic cuts to federal spending would shrink Colorado's middle class.** The state stands to lose more than $32 billion in federal funding from 2013 through 2022, an average of $3.2 billion a year, from cuts to schools, law enforcement, highway repairs, job-training programs and more. These cuts would fall predominantly on middle-class and low-income families, especially the cuts to education programs and job training that would result in nearly $500 million in reduced support for the state in 2013 and 2014.

- **Seniors in Colorado would lose health care benefits and pay more.** Gov. Romney and Rep. Ryan would force seniors in the state to pay at least $609 more for their prescription drugs each year. At the same time, the Romney-Ryan plan to turn Medicare into a voucher would cost current seniors at least $11,000 more out of pocket.

- **Women in Colorado would pay more for health care but receive less bang for their buck.** Gov. Romney and Rep. Ryan would once again allow insurance companies to charge women more than men while taking away preventive care from more than 868,000 million women in the state.

- **Young adults in Colorado would lose access to their families' health insurance.** Gov. Romney and Rep. Ryan promise to dismantle Obamacare, which would directly result in 50,000 young adults in Colorado losing the insurance they have today due to the Affordable Care Act.[1]

The Romney-Ryan plan asks the vast majority of Americans to pay more, and then spends this revenue not on balancing the budget but rather on more tax breaks for the richest Americans. Gov. Romney's top direct donor would receive over $2 billion in direct tax benefits from under the Romney-Ryan plan,[2] while a typical police officer in Denver makes almost $64,000 a year would see their taxes increase by $1,200.[3] These lopsided priorities are not a coincidence or a cruel joke. They are the logical extension of a trickle-down economic policy that failed under President George W. Bush but would be revived by Gov. Romney and Rep. Ryan.

President Obama and Vice President Biden, in contrast, believe that economic growth comes from a strong middle class, rather than being passed down from the wealthiest. They have passed and seek greater investments in education, job-training, infrastructure development, and scientific research and development to boost our nation's long-term economic competiveness, coupled with targeted cuts in government spending and the end of the Bush-era tax cuts for the wealthiest Americans to bring the federal budget deficit under control.

The Republican contenders for the White House have tried to avoid details, but have nonetheless gone on the record with proposals that have enormous consequences for the economy, taxes, women's health, health care, and energy security. ProgressNow Colorado and Center for American Progress Action Fund believe facts should matter in elections because they will certainly matter to families trying to live the American Dream. This report outlines the real cost of Romney-Ryan policies to Coloradans.

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It is tempting for people across Colorado to start tuning out the election, defined too often by gaffes and thirty-second sound bites. But behind the politics are deep policy differences with profound consequences for the middle class.

Middle-class Colorado pay more in taxes while millionaires pay less

The linchpin of the economic strategy championed by Gov. Romney and Rep. Ryan is to further enrich the wealthiest by doubling down on conservative, top-down tax policies. Those tax policies—even more top heavy than those implemented by President George W. Bush, which led to the weakest job creation in the post-war era despite giving the richest Americans massive tax cuts[4]—would further fuel the single biggest factor driving up our national debt. Gov. Romney proposes approximately $5 trillion in new tax cuts on top of the cost of extending all of the Bush-era tax cuts.

But instead of learning the lessons from past failed policies, Gov. Romney's plan is to provide the wealthiest individuals and corporations with additional tax breaks, while asking the middle class, seniors, and students to pay even more.

Here's how the Romney-Ryan tax plan would affect Coloradans.

Raising taxes on middle-class Colorado families

The tax plan of the two Republican candidates gives massive tax cuts to the richest Americans and corporations while purporting to collect the same amount of revenue as our current tax policies. The only way his plan adds up is by raising taxes on middle-class families in Colorado and throughout the country. The nonpartisan Tax Policy Center found that Gov. Romney's tax plan would require raising taxes on middle-class families with children who have incomes under $200,000 by an average of $2,000 per family.[5] It would raise the average tax bill for all middle-class taxpayers by $500.

Their tax plan would raise taxes on low-income and middle-class families by forcing deep cuts in tax benefits such as the child tax credit, the mortgage interest deduction, the exemption for employer-provided health benefits, and the deduction for state and local taxes. Though Gov. Romney and Rep. Ryan repeatedly refuse to say which specific tax breaks they would eliminate or reduce, the Tax Policy Center calculates that these major tax benefits for middle-class families would have to be reduced by 58 percent to pay for his tax cut for the rich.[6] That 58 percent cut does not even account for the fact that middle-class taxpayers would be forced to pay for the $1.1 trillion corporate tax cut also championed by the Republican ticket.[7]

Here is how this hidden part of the Romney-Ryan tax plan would affect low-income and middle-class families in Colorado:

- 2.7 million. The number of families in the state that rely on health insurance from their employer, which is currently not taxed.[8]
- $1,200 – $1,900. The amount those middle-class families would pay in higher taxes if the exemption for employer health insurance is reduced by 58 percent.[9]

- 714,000. The number of middle-class families in the state that file for the mortgage interest deduction on their federal taxes.[10]
- $1,066. The average loss in mortgage interest deduction for middle-class families in the state if the deduction is cut by 58 percent [11]

- 829,000. The number of middle-class families in the state that deduct state and local taxes from their federal income taxes.[12]
- $670. The amount on average that middle class families in the state will pay in higher taxes if the deduction for state and local taxes is cut by 58 percent.[13]

- 404,000. The number of middle-class families in the state that benefit from the child tax credit.[14]
- $580. The amount that families in the state will pay in higher taxes per child if the child tax credit is reduced by 58 percent.

- 95,000. The number of low-income and middle-class families in the state that claim the child care tax credit (in addition to the child tax credit detailed above).[15]
- $318. The amount that families in the state will pay in higher taxes per child if the child care tax credit (in addition to the child tax credit detailed above) is reduced by 58 percent.[16]

- 661,000. The number of low-income working families in the state that qualify for the earned income tax credit and the refundable portion of the child tax credit.[17]
- $700. The tax increase that 190,000 of those families with a total of 345,000 children) would pay on average if the improvements to those tax credits passed under President Obama are rolled back, as the Romney-Ryan plan proposes.[18]

- 152,000. The number of middle-class Colorado families and students paying for college educations that use President Obama's American Opportunity Tax Credit.[19]
- $2,100. The average benefit these families and students receive from the American Opportunity Tax Credit. The Romney-Ryan tax plan would eliminate this credit, leaving families in the state with no credit or a less valuable tuition credit.[20]

All these tax hikes on low-income and middle-class families would come courtesy of the Romney-Ryan tax plan's overarching emphasis on providing even more tax breaks to the top income earners in our country. Their plan would force middle-class families to pay more in taxes than they do today so that the richest among us pay less.

The bottom line for Coloradans: The 4,400 millionaires in the state would see an additional tax cut of at least $87,000. The total costs for these tax cuts for all the citizens of the state would be at least $380 million.[21]

Jobs would decline across Colorado

Gov. Romney famously argued that we should have "let Detroit go bankrupt,"[22] never mind the consequences for workers. The Romney-Ryan plan takes the same approach to job creation, which would be devastating to our economy and the lives of tens of millions of Americans. The Romney-Ryan plan for job creation is so out of touch with what's best for our country because it relies on the same top-down economics that created the worst job growth in decades under President George W. Bush.

Gov. Romney and Rep. Ryan claim they will create 12 million new jobs by the end of 2016, the end of their presumptive first term.[23] In fact, their proposal would kill 360,000 jobs next year alone.[24] Most telling, their plan includes even greater tax incentives for outsourcing that would actively undermine U.S. employment, leading to 800,000 more jobs being created in foreign countries.[25]

Here's what it would mean for Colorado.

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Letting the auto industry go bankrupt

The auto industry is vital to health of our economy. President Obama's decision to save the U.S. auto industry prevented the immediate loss of over 1 million American jobs across the country and nearly 9,000 in Colorado.[26]

And now the auto industry is roaring back. General Motors Co. is once again the largest automaker in the world. The industry in total has added over 236,000 jobs since June 2009.[27]

In addition, another 8,500 jobs are projected to be created in Colorado specifically because of new fuel economy standards finalized last month.[28] The Romney-Ryan campaign denounced the standards, which will save the average American family $8,000 once fully implemented, as "extreme."[29]

How clean energy helped power new jobs in the state

Gov. Romney and Rep. Ryan present a clear vision for America's energy future. They want more lucrative tax breaks for Big Oil companies and their allies while slashing investments in clean energy technologies that create U.S. jobs and keep the United States competitive in the global marketplace.

Individual states across the nation have realized the promise of clean energy, creating tens of thousands of jobs and reaping significant tax revenue while improving the quality of air and water for their residents. The Romney-Ryan clean energy plan, however, is to attack the industry and undermine its growth, calling green jobs "illusory"[30] and opposing key wind tax credits that support thousands of jobs in Colorado.[31] The Centennial State benefited tremendously from its Renewable Portfolio Standard. The state has required investor-owned utilities to provide 30 percent of their electricity through renewable energy by 2020.[32]

There are more than 70,000 green jobs in Colorado, according to the U.S. Bureau of Labor Statistics, and nationwide the sector employs more than 3 million Americans.[33] More than 4,000 of those Colorado jobs are wind jobs.[34] Colorado is a national wind energy leader, generating the sixth-highest percentage of power from wind of any state and powering the equivalent of 500,000 homes. In 2011 Colorado's installed wind capacity grew nearly 39 percent, according to the American Wind Energy Association.[35] Colorado's wind resources could provide nearly 25 times of the state's current electricity needs, according to a National Renewable Energy Lab resource assessment.[36]

But wind is not the only clean energy source that is helping Colorado's economy. Colorado has the fifth-largest solar market in the United States, with more than 294 solar companies operating in Colorado and creating a projected 3,575 jobs through 2016. Colorado is producing enough solar energy to power more than 21,000 homes.[37]

Renewable electricity has nearly doubled under the Obama administration, and the clean energy economy grew by 8.3 percent from 2003 to 2010—almost double the overall economy's growth during those years—but Gov. Romney's plan threatens the 70,000 clean energy jobs in Colorado and risks the creation of thousands more in the years to come.[38]

How clean energy on public lands can power new jobs and investment in the state

Gov. Romney and Rep. Ryan's vision for America's energy future is to hand the keys to America's public lands to the Big Oil companies by giving states control of energy development on public lands. As The New York Times put it, "States, as a rule, tend to be interested mainly in resource development."

Westerners understand that these lands that belong to all Americans have multiple uses, such as hunting, fishing, grazing, and recreation. Gov. Romney recently told the Reno Gazette Journal, however, that he did not know the "purpose" of public lands, which may explain his myopic focus on fossil fuel development on them, while ignoring the vast clean energy future the federal estate could help support.

The American West already leads the way in construction of clean renewable electricity projects on the ground, spurred forward by policies including state renewable electricity standards and government investments in clean technologies. A recent Bureau of Labor Statistics study reflects this success, determining that in 2010, "green goods and services" accounted for 72,452 jobs in Colorado.[39]

Another 14,996 jobs[40] are estimated to be possible, if Colorado builds renewable energy on public lands according to the federal government's "reasonably forseeable development scenarios" for the likelihood of renewable energy development on public lands in Colorado. These analyses examine the economic and policy conditions in states to determine how much renewable energy on public lands could realistically be generated over 20 years. According to those scenarios, Colorado could reasonably be the location for the development of 2,329 megawatts of wind, solar, and geothermal.[41]

Additionally, building these projects will create direct investment in Colorado. Many large financial institutions plan to invest in clean energy—Wells Fargo & Co., Goldman Sachs Group Inc., and Bank of America Corp. have pledged to invest a combined $120 billion in the clean energy technologies sector over the coming years.[42] It is estimated that potential direct investment in the renewable energy sector from development on public lands in Colorado would be $10.6 billion.[43]

Gov. Romney and Rep. Ryan's plan to put the states in charge of energy development on public lands threatens to undermine this vast potential for renewable energy development, with states potentially making oil and gas drilling the primary use of public lands in the region. The International Association of Drilling Contractors said the proposal would cause operators to "tear their hair out."[44] In addition, a similar proposal that would have given the state of Arizona control of public lands within its state borders was rejected by Republican Gov. Jan Brewer because she was "concerned about the lack of certainty" it would create.

Drastic cuts to federal spending would shrink Colorado's middle class

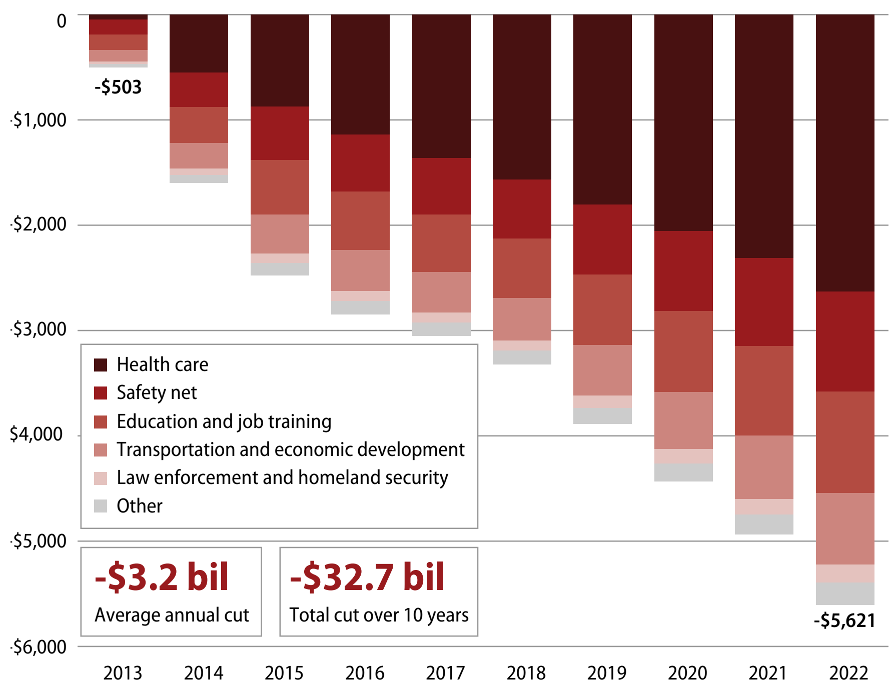
Gov. Romney and Rep. Ryan promise enormous cuts in overall federal spending, totaling more than $4 trillion over 10 years.[45] At the same time, they have promised enormous amounts of new spending for the Pentagon—more money, in fact, than the Pentagon itself says it needs. They've also offered assurances that there will be no cuts to Medicare or Social Security for those over the age of 55, a promise at odds with their vow to repeal the Affordable Care Act, which improved Medicare benefits and lowered costs for current seniors. But taken together, these promises necessarily mean that the entire bulk of the Romney-Ryan spending cuts will necessarily fall on the remaining 40 percent of the budget. And unfortunately for states, nearly all of their federal funding can be found in that remaining 40 percent.

In 2010 Colorado received more than $7 billion in federal aid. This money helped support Colorado's schools, law enforcement efforts, highway repairs, and job-training programs. It helped put food on Colorado families' tables and it helped provide health insurance to almost one in every seven Coloradans, including more than 480,000 of Colorado's children.[46] But that funding would be dramatically curtailed under the proposed budget policies of Gov. Romney and Rep. Ryan. In fact, their budget plan would cost Colorado approximately $503 million in federal funding in 2013 alone, and the costs to Colorado would grow to nearly $3 billion annually by 2016. (see Figure 1)

FIGURE 1

What the Romney budget means for federal grants to Colorado

Cut in federal funding, in millions



Source: Authors calculations, see methodology section

The simple math dictates that for the Romney-Ryan plan to achieve their spending goal, they will need to cut nearly all federal grants to the states by a staggering 40 percent by 2016. And that is in addition to the nearly 30 percent cut to Medicaid that would result from their plan to transform Medicaid into a block grant. Altogether, under the Romney-Ryan plan, Colorado stands to lose more than $32.7 billion in federal funding from 2013 through 2022, an average of more than $3.2 billion a year. (see methodology on page 12)

Then there are the other federal programs that help low-income and middle-class families with their children's education. The Romney-Ryan education plan, dubbed "A Chance for Every Child," would eliminate federal requirements that low-performing schools take action to improve the education of their students, end the federal requirement that teachers obtain certification to teach, and privatize public education by turning federal funds for low-income and special-needs students into vouchers. Gov. Romney and Rep. Ryan would also sharply defund the Pell Grant for aspiring college students from poor families.

In Colorado the consequences would be devastating. Under the Romney-Ryan plan:

- **The Head Start program for pre-Kindergarten children would be crippled.** Under their plan, in 2013 alone Head Start in Colorado would lose $25 million, resulting in 3,734 slots for children eliminated and 1,870 job losses. In 2014 those numbers jump to $58 million in cuts, resulting in 7,662 slots for children eliminated and 4,404 jobs lost.[47]

- **Special education funding would be slashed.** Under their plan $25 million in cuts for special-education grants would result in the costs for 13,250 students shifting to the state and jeopardizing their special instruction, and the loss of 373 jobs in 2013 alone. But in 2014 these cuts become even more drastic with the cuts increasing to $57 million, resulting in 33,937 children at risk of no longer having their classes and 818 jobs being cut.[48]

- **Big cuts for colleges and aspiring students.** The Romney-Ryan budget would so severely restrict Pell Grant eligibility that more than 1 million low- and middle-income students would no longer be able to count on them to help pay for college.[49] Cuts to these grants would be devastating to the 158,009 Colorado students who depend upon them to further their education.[50] The average Pell Grant to Colorado students under the Romney-Ryan plan would be cut by about $810 a year.

Gov. Romney gave his answer to student's needing money earlier this year during an appearance at Otterbein University, when he advised cash-strapped students to "borrow money if you have to from your parents."[51] He followed up this recommendation by recounting a story about a friend who borrowed $20,000 from his parents, not an opportunity most young people have. If not realistic, this advice is not entirely surprising, given that Gov. Romney paid for college by selling stock options given to him by his CEO father.[52]

Seniors in Colorado would lose health care benefits and pay more

Gov. Romney and Rep. Ryan plan to convert our nation's Medicare program into a voucher system for people who are under 55 years of age. It is that simple. Their candidacy has become infamous for its startling determination to lie about President Obama's plans for Medicare and the true nature of their own plan for the vital program. Under their plan, seniors beginning in 2023 would receive vouchers to purchase health insurance from either private insurance companies or from traditional Medicare. If premiums for traditional Medicare or the private plan they choose cost more than the voucher amount, then seniors would have to pay the difference themselves.

Gov. Romney and Rep. Ryan claim that no one over 55 will be affected by their plan to turn Medicare into a voucher. But that's simply not true. The reason: Seniors across our country are already benefiting from changes to Medicare because of Obamacare.

In Colorado 179,652 seniors who rely on their Medicare benefits received one or more preventive services—such as cancer screenings, diabetes testing, and bone density scans—free of charge through their Medicare plan.[53] This is saving Colorado seniors money each year and also providing them with the care needed to protect their health.

What's more, Gov. Romney and Rep. Ryan would open up the prescription drug donut hole that Obamacare is closing. Since the law was enacted, Colorado seniors have saved $43.8 million on prescription drug costs because Obamacare is closing the loophole. In 2012 alone, more than 14,000 Colorado seniors and people with disabilities saved $8.7 million. While they each have saved an average of $609 this year, Gov. Romney and Rep. Ryan would force them to once again pay for this out of pocket.[54]

Because of the increased drug costs and higher Medicare premiums, the Romney-Ryan voucher plan would raise health care costs for current seniors by $11,000 for the average person who is 65 years old today.[55] And it's even worse for the future seniors. Because of cost shifting and increases in system wide health care costs, Medicare costs for future seniors who become eligible for Medicare after 2022 will increase dramatically under the Romney-Ryan plan. Specifically, upon retirement:

- Today's 54-year-old will have to pay increased Medicare costs of $59,450
- Today's 49-year-old will have to pay $124,626 more
- Today's 39-year-old will have to pay $216,631 more
- Today's 29-year-old will have to save $331,170 more[56]

These estimates are conservative because we examined the least radical of the various Romney-Ryan proposals to calculate our estimates. Had we instead used the budget plan authored by Rep. Ryan for the House of Representatives in 2011, the nonpartisan Congressional Budget Office estimates it would result in increased costs that are much greater, forcing current seniors to pay $6,400 more per year for their health care costs.

Women in Colorado would pay more for health care but receive less bang for their buck

Make no mistake, whether we're talking about women's health or reproductive rights, Gov. Romney and Rep. Ryan want to take women backward. Women's health has been under constant siege since Republicans overtook the House of Representatives and some additional state governments in the 2010 midterm elections.

Colorado Republicans have been eager to take on women's health. Earlier this year the state legislature considered a Republican bill that would've criminalized abortion and establish "personhood" status for fetuses.[57] The Republican-controlled Colorado House of Representatives also rejected a measure passed by the Democrat-controlled Senate that would've provided women with more information about where to obtain reproductive health services, including emergency contraception.

Indeed, the Republican record includes the all-male U.S. congressional panel debating insurance coverage for contraception, 33 attempts to repeal the health reform law and all of its benefits for women, vaginal probes in Virginia and elsewhere, and efforts to defund Planned Parenthood clinics around the country.[58] Gov. Romney and Rep. Ryan even endorse the radical "personhood" measures that would outlaw abortion in all circumstances and could potentially ban common forms of birth control and in-vitro fertilization. Fortunately, Coloradans are not at all enamored with this position—a group attempting to put a personhood measure on the ballot in Colorado once again this year failed to collect the minimum number of signatures needed to do so. More than 70 percent of Colorado voters voted against personhood measures in 2008 and 2010.

Yet Gov. Romney and Rep. Ryan want to launch a more broadly insidious campaign against women's health. If elected president, Gov. Romney promises to repeal the Affordable Care Act "on day one" of his presidency. Why is Obamacare so important to women's health? Due largely to the high cost of health insurance coverage—especially for women without access to employer-based coverage—19 million American women between the ages of 18 and 64 were uninsured in 2011, including 248,700 Colorado women.[59]

Even if insured, women tend to have higher out-of-pocket costs than men. Women of reproductive age spend 68 percent more than men on health care expenses. And more than half of American women report delaying needed medical care because of cost, while one-third of women report giving up basic necessities such as food, heat, or rent to pay for health care expenses. In 2014 the health care law will prohibit insurance companies from their practice of routinely denying women coverage for gender-related pre-existing conditions such as breast cancer, a Cesarean section, domestic violence, or sexual assault. And Obamacare has already prohibited insurance companies from continuing to deny coverage to the 72,500 Colorado children who have a pre-existing condition.[60]

Obamacare also makes health care more affordable by guaranteeing no-cost coverage for recommended preventive services such as mammograms, Pap smears, well-baby care, contraception, gestational diabetes screening, lactation supports, and much more. Approximately 47 million women will have access to women's preventive services without cost-sharing under the Affordable Care Act, including 868,691 women in Colorado.[61]

Young adults in Colorado would lose access to their families' health insurance

The Millennial generation of Americans born in the late 1970s and early 1980s also face staggering costs and loss of care from the Romney-Ryan plan for health care. Gov. Romney's promise to dismantle Obamacare would result in 50,000 young adults in Colorado losing the access they have today to their families' health insurance due to the Affordable Care Act.[62] And because of the Romney-Ryan plan to turn Medicare into a voucher program, today's average 29 year old will have to save $331,200 more to afford their health care upon retirement under the Romney-Ryan plan.[63]

Conclusion

The 2012 presidential election offers two contrasting visions of how our country should work. President Obama and Vice President Biden seek to restore the shared prosperity that once defined the growth of our nation's middle class while Gov. Romney and Rep. Ryan want to return to the trickle-down economic policies of the Bush era, which led inexorably to the Great Recession.

The contrast is clear. It's no exaggeration to say the future growth and prosperity of Colorado's middle class is at stake. The decision made in this election will determine the strength of the state's middle class and the course our country takes not just over the next two or four years but for decades to come.

President Obama and Vice President Biden are clear in their plans to restore shared prosperity. Gov. Romney and Rep. Ryan are much less open about their policy intentions, yet as this brief demonstrates, what they have unveiled enables us to examine the consequences in telling detail. In Colorado and across our nation, low-income and middle-class Americans would sacrifice for the greater benefit of the wealthiest under the Romney-Ryan plan for the economy, taxes, and health care. In contrast, the Obama-Biden plan asks for shared sacrifice and shared prosperity that is necessary to grow our middle class and preserve our global economic competitiveness well into the 21st century.

Methodology

In order to estimate the effect of the spending plans of Republican presidential and vice presidential contenders Gov. Mitt Romney (R-MA) and Rep. Paul Ryan (R-WI) on federal funding for states, we begin by estimating the percentage cut in overall spending that would be required given their stated spending proposals. For federal spending they propose to:

- Cap all federal spending at 20 percent of gross domestic product
- Increase defense spending to 4 percent of gross domestic product
- Make no cuts to Medicare or Social Security in the next 10 years
- Repeal the Affordable Care Act, including the Medicare savings, which would increase Medicare spending by more than $700 billion
- Transform Medicaid into block grants to the states

In order to comply with the Romney-Ryan spending cap after accounting for the spending effects of the other policy proposals, the former Massachusetts governor and House Budget Committee chairman would need to cut all other federal spending—that is spending aside from Social Security, Medicare, Medicaid, defense, and net interest—by about 11 percent in 2013, growing to 63 percent by 2022, for an annual average of 39 percent over the next 10 years. These calculations rely on the following assumptions:

- The Romney-Ryan plan would reduce federal spending to fully comply with their proposed spending cap by the end of 2016.

- From 2013 through 2015 their plan would reduce overall federal spending to levels consistent with the House Republican budget plan, authored by Rep. Ryan.

- The Romney-Ryan plan to turn Medicaid into a block grant will be roughly consistent with Rep. Paul Ryan's plan as detailed in his most recent budget plan.[64]

- The baseline, against which the percentage cuts are calculated, includes a permanent fix to the Medicare Sustainable Growth Rate formula, a repeal of the "sequester" automatic spending cuts, and the drawdown of U.S. military forces in overseas combat operations.[65]

In order to estimate how these cuts would specifically impact states, we started with U.S. Census Bureau data on federal aid to states in fiscal year 2010—the most recent year available.[66] We then extrapolated fiscal year 2013 through 2022 funding by using the most recent Congressional Budget Office baseline estimates. For mandatory grants we used CBO's spending growth projections specific to those particular programs. For discretionary grants we used the general growth projections for nondefense discretionary spending.[67]

Since nearly all federal grants to states, with the notable exception of Medicaid, fall into the "other federal spending" category, we applied the annual percentage cut required to comply with the Romney-Ryan plan's proposed cap to the baseline projections of all non-Medicaid grants. But since their plan has a separate policy for Medicaid, we did not apply the "across-the-board" percentage cut to that program. Instead, for Medicaid, we applied the annual percentage cut that would occur under the "block grant" proposal from Rep. Ryan that is broadly similar to Gov. Romney's outlined proposal. This cut also includes the effect of repealing the Affordable Care Act.[68]

Endnotes

1 "State-Level Estimates of Gains in Insurance Coverage Among Young Adults" available at http://www.healthcare.gov/news/factsheets/2012/06/young-adults06192012a.html (last accessed August 2012)

2 Seth Hanlon, "Sheldon Adelson's Return on Investment" (Washington: Center for American Progress Action Fund, 2012), available at http://www.americanprogressaction.org/issues/tax-reform/report/2012/09/11/12008/sheldon-adelsons-return-on-investment/

3 This calculation assumes the mean wage of a police officer in Denver, Colorado, at $63,870, according to the Bureau of Labor Statistics. It assumes this officer is married, filing jointly, with two children under the age of 16. The overall change in tax liability for this family is based on those characteristics, and uses the conclusions from the Tax Policy Center—hat tax benefits for middle class families would have to be reduced by 58 percent to make Governor Romney's tax plan add up.

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8 "Health Cover and Uninsured," available at http://www.statehealthfacts.org/comparecat.jsp?cat=3&rgn=37&rgn=1 (last accessed September 2012).

9 Estimate is based on what families in the 15 and 25 percent tax brackets would pay if 58 percent of the average family premium in Colorado ($13,393) were taxed. Cathy Schoen, Ashley-Kay Fryer, Sara R. Collins, and David C. Radley, "State Trends in Premiums and Deductibles, 2003–2010: The Need for Action to Address Rising Costs" (Washington: Commonwealth Fund, 2012), available at http://www.commonwealthfund.org/~/media/Files/Publications/Issue%20Brief/2011/Nov/State%20Trends/1561_Schoen_state_trends_premiums_deductibles_2003_2010.pdf

10 Internal Revenue Service, "Statistics of Income" (Colorado state table, tax year 2010).

11 Joint Tax Committee, "Estimates of Federal Tax Expenditures for Fiscal Years 2011-2015" (JCS-1-12, 2012), available at https://www.jct.gov/publications.html?func=select&id=5 (national average benefit for taxpayers with incomes under $200,000).

12 Internal Revenue Service, "Statistics of Income."

13 Joint Tax Committee, "Estimates of Federal Tax Expenditures for Fiscal Years 2011-2015."

14 Internal Revenue Service, "Statistics of Income."

15 Ibid.

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