



The Biden Platform

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<https://budgetmodel.wharton.upenn.edu/estimates/2020/9/14/biden-2020-analysis>

Summary: Presidential candidate Joe Biden's campaign has released a substantial list of policy proposals. PWBM finds that over the 10-year budget window 2021 – 2030, the Biden platform would raise \$3.375 trillion in additional tax revenue and increase spending by \$5.37 trillion. Including macroeconomic and health effects, by 2050 the Biden platform would decrease the federal debt by 6.1 percent and increase GDP by 0.8 percent relative to current law. Almost 80 percent of the increase in taxes under the Biden tax plan would fall on the top 1 percent of the income distribution. Please see our analysis of the estimate* for more information on the proposals.

* <https://budgetmodel.wharton.upenn.edu/issues/2020/9/14/biden-2020-analysis>

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Table 1. Overall Revenue and Spending Effects of the Biden Platform, 2021-2030

Spending/Revenue Category	Billions of \$
Total Tax	3,375.4
Corporate	1,438.5
Payroll	992.8
Individual Income	944.0
Total Spending	5,370.0
Education	1,929.5
Infrastructure and R&D	1,600.8
Housing	650.0
Social Security Benefits	290.7
Healthcare - Prescription Drugs	-1,253.0
Healthcare - Other New Spending	1,605.0
Paid Leave*	547.0
Notes: For PWBM's long-term macroeconomic modeling, all of Biden's provisions for new spending on Education, Social Security Benefits, and Healthcare (Spending and Drugs) are assumed to continue into the future past 2031. Some Housing Assistance provisions and all Infrastructure and R&D provisions end in 2031. Paid Leave is not incorporated into PWBM's macroeconomic modeling.	
* Source: This estimate for Paid Leave comes from the CBO's 2020 score of H.R. 1185, the FAMILY Act, which Biden's paid leave plan is based on. https://www.cbo.gov/system/files/2020-02/hr1185_2.pdf	



Table 2. Distribution of Federal Taxes for 2021 and 2026

2a. Including the Distribution of Corporate Income Tax at the Household Level:

Income group	2021				2026			
	Income Threshold	Effective Tax Rates (Income, Payroll, Corporate), 2021			Income Threshold	Effective Tax Rates (Income, Payroll, Corporate), 2026		
		pre-TCJA	Current Law	Biden Plan		pre-TCJA	Current Law	Biden Plan
Bottom quintile	-	2.5%	1.1%	1.6%	-	2.6%	2.2%	2.8%
Second quintile	\$17,083	10.8%	9.1%	9.4%	\$19,227	11.0%	10.9%	11.3%
Middle quintile	\$39,568	18.9%	16.9%	17.3%	\$45,114	18.9%	18.6%	19.1%
Fourth quintile	\$74,410	21.3%	19.4%	19.8%	\$84,637	21.2%	20.9%	21.3%
80-90%	\$135,893	24.7%	22.8%	23.2%	\$153,570	24.7%	24.4%	24.9%
90-95%	\$197,982	26.6%	24.5%	25.1%	\$226,124	26.5%	26.0%	26.6%
95-99%	\$282,663	30.4%	26.5%	27.6%	\$322,799	30.0%	29.3%	30.6%
99-99.9%	\$710,028	34.5%	30.7%	37.4%	\$788,945	33.8%	32.5%	37.5%
Top 0.1%	\$3,293,826	34.6%	30.6%	43.0%	\$3,597,440	34.5%	32.0%	41.9%

Notes: (1) When distributing the corporate income tax to households, we assume that 75 percent of the tax falls on capital owners and 25 percent falls on workers in the form of lower wages over time. These lower wages and lower investment returns are included in the "effective tax rate" measure shown above.

(2) For the purposes of this modeling, we hold income constant between the each of the different policy scenarios. E.g., expiring provisions under current law mean that taxpayers will realize certain forms of income earlier, boosting their 2021 income—this type of behavioral effect is disabled in PWBM's tax model for this analysis.

(3) Values represent effective tax burdens under the pre-TCJA (2017), current law, or Biden plan tax codes if each were implemented in 2021 and 2026.



Table 2. Distribution of Federal Taxes for 2021 and 2026

2b. Not Including the Corporate Income Tax:

Income group	2021			2026				
	Income Threshold	Effective Tax Rates (Income, Payroll, pre-TCJA Current Law Biden Plan)			Income Threshold	Effective Tax Rates (Income, Payroll, pre-TCJA Current Law Biden Plan)		
Bottom quintile	-	0.6%	0.3%	0.3%	-	0.8%	1.0%	1.0%
Second quintile	\$16,913	9.5%	8.6%	8.6%	\$19,003	9.8%	10.1%	10.1%
Middle quintile	\$39,379	17.7%	16.4%	16.4%	\$44,742	17.7%	17.9%	17.9%
Fourth quintile	\$73,957	20.0%	18.9%	18.9%	\$84,043	20.0%	20.2%	20.2%
80-90%	\$135,184	23.2%	22.2%	22.2%	\$152,291	23.4%	23.6%	23.6%
90-95%	\$196,420	24.8%	23.8%	23.8%	\$223,896	24.8%	25.0%	25.0%
95-99%	\$279,815	27.8%	25.5%	25.9%	\$318,193	27.8%	28.0%	28.5%
99-99.9%	\$698,956	30.3%	29.2%	34.8%	\$772,112	30.2%	30.5%	34.2%
Top 0.1%	\$3,213,478	27.0%	27.8%	38.4%	\$3,480,020	28.0%	28.2%	35.9%

Notes: (1) For the purposes of this modeling, we hold income constant between each of the different policy scenarios. E.g., expiring provisions under current law mean that taxpayers will realize certain forms of income earlier, boosting their 2021 income—this type of behavioral effect is disabled in PWBM's tax model for this analysis.

(2) Values represent effective tax burdens under the pre-TCJA (2017), current law, or Biden plan tax codes if each were implemented in 2021 and 2026.



Table 3a. Macroeconomic Results, Immigration and Tax Only

	Year	GDP	Capital	Average Hourly Wage	Hours Worked	Debt Held by the Public
Total Scenario Effect (%)	2030	0.8%	0.3%	0.3%	1.4%	-6.9%
Difference from Baseline)	2040	1.0%	0.9%	0.3%	1.7%	-13.5%
	2050	1.5%	1.6%	0.2%	2.3%	-17.3%



Table 3b. Macroeconomic Results, Adding Public Investment*

	Year	GDP	Capital	Average Hourly Wage	Hours Worked	Debt Held by the Public
<i>Marginal Effect (pp. Difference from Previous Scenario)</i>	2030	0.4%	0.3%	0.2%	0.1%	8.0%
	2040	0.5%	-0.2%	0.3%	0.1%	12.1%
	2050	0.4%	-0.6%	0.4%	0.0%	12.8%
<i>Total Scenario Effect* (% Difference from Baseline)</i>	2030	1.1%	0.6%	0.5%	1.6%	1.2%
	2040	1.5%	0.7%	0.7%	1.8%	-1.5%
	2050	1.8%	1.0%	0.5%	2.3%	-4.5%

* Includes Biden immigration, tax, and public investment plans



Table 3c. Macroeconomic Results, Adding Housing Assistance*

	Year	Average Hourly			Debt Held by the	
		GDP	Capital	Wage	Hours Worked	Public
<i>Marginal Effect (pp. Difference from Previous Scenario)</i>	2030	-0.4%	-0.2%	2.1%	-2.6%	3.2%
	2040	-0.5%	-0.7%	1.4%	-1.9%	5.7%
	2050	-0.5%	-1.1%	0.7%	-1.2%	6.5%
<i>Total Scenario Effect* (% Difference from Baseline)</i>	2030	0.7%	0.4%	2.7%	-1.0%	4.3%
	2040	1.0%	0.0%	2.1%	-0.1%	4.2%
	2050	1.3%	0.0%	1.2%	1.1%	2.1%

* Includes Biden immigration, tax, public investment, and housing plans



Table 3d. Macroeconomic Results, Adding Social Security Benefits*

	Year	Average Hourly			Debt Held by the	
		GDP	Capital	Wage	Hours Worked	Public
<i>Marginal Effect (pp. Difference from Previous Scenario)</i>	2030	0.0%	0.0%	0.0%	0.0%	0.3%
	2040	-0.1%	-0.3%	-0.1%	-0.1%	1.7%
	2050	-0.2%	-0.5%	-0.1%	0.0%	2.6%
<i>Total Scenario Effect* (% Difference from Baseline)</i>	2030	0.7%	0.4%	2.7%	-1.0%	4.7%
	2040	0.9%	-0.3%	2.0%	-0.1%	5.9%
	2050	1.1%	-0.5%	1.0%	1.1%	4.6%

* Includes Biden immigration, tax, public investment, housing, and Social Security plans



Table 3e. Macroeconomic Results, Adding Healthcare (Full Biden Platform)*

	Year	GDP	Capital	Average Hourly Wage	Hours Worked	Debt Held by the Public
<i>Marginal Effect (pp. Difference from Previous Scenario)</i>	2030	-1.1%	-1.1%	0.0%	-1.4%	-4.6%
	2040	-0.9%	-0.8%	0.2%	-1.3%	-7.8%
	2050	-0.3%	0.1%	0.5%	-1.1%	-10.7%
<i>Total Scenario Effect* (% Difference from Baseline)</i>	2030	-0.4%	-0.7%	2.7%	-2.4%	0.1%
	2040	0.0%	-1.1%	2.2%	-1.4%	-1.9%
	2050	0.8%	-0.4%	1.5%	0.0%	-6.1%

* Includes Biden immigration, tax, public investment, housing, Social Security, and healthcare plans



Table A.1 Distributional Effects of the Biden Tax Plan With and Without Major Tax Credits, 2021

Including the Distribution of Corporate Income Tax at the Household Level:

Income group	Average tax change			Effective tax rate change		
	Revenue raisers only	Including major tax credits	Difference	Revenue raisers only	Including major tax credits	Difference
Bottom quintile	\$25	-\$155	-\$180	0.5%	-3.3%	-3.8%
Second quintile	\$100	-\$315	-\$415	0.4%	-1.1%	-1.5%
Middle quintile	\$195	-\$265	-\$460	0.4%	-0.5%	-0.9%
Fourth quintile	\$380	-\$475	-\$855	0.4%	-0.5%	-0.9%
80-90%	\$690	-\$335	-\$1,025	0.4%	-0.2%	-0.6%
90-95%	\$1,205	\$105	-\$1,100	0.5%	0.0%	-0.5%
95-99%	\$4,725	\$3,855	-\$870	1.2%	1.0%	-0.2%
99-99.9%	\$82,150	\$81,420	-\$730	6.7%	6.6%	-0.1%
Top 0.1%	\$1,339,420	\$1,338,810	-\$610	12.4%	12.4%	0.0%



Table A.1 Distributional Effects of the Biden Tax Plan With and Without Major Tax Credits, 2021

Not Including the Corporate Income Tax:

Income group	Average tax change			Effective tax rate change		
	Revenue raisers only	Including major tax credits	Difference	Revenue raisers only	Including major tax credits	Difference
Bottom quintile	\$0	-\$180	-\$180	0.0%	-3.8%	-3.8%
Second quintile	\$0	-\$415	-\$415	0.0%	-1.5%	-1.5%
Middle quintile	\$0	-\$460	-\$460	0.0%	-0.9%	-0.9%
Fourth quintile	\$0	-\$855	-\$855	0.0%	-0.9%	-0.9%
80-90%	\$0	-\$1,025	-\$1,025	0.0%	-0.6%	-0.6%
90-95%	\$0	-\$1,100	-\$1,100	0.0%	-0.5%	-0.5%
95-99%	\$1,615	\$745	-\$870	0.4%	0.2%	-0.2%
99-99.9%	\$67,415	\$66,685	-\$730	5.6%	5.5%	-0.1%
Top 0.1%	\$1,098,845	\$1,098,235	-\$610	10.6%	10.6%	0.0%