

**NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER:
PRESIDENT TRUMP CONTINUES ECONOMIC MIRACLE.**

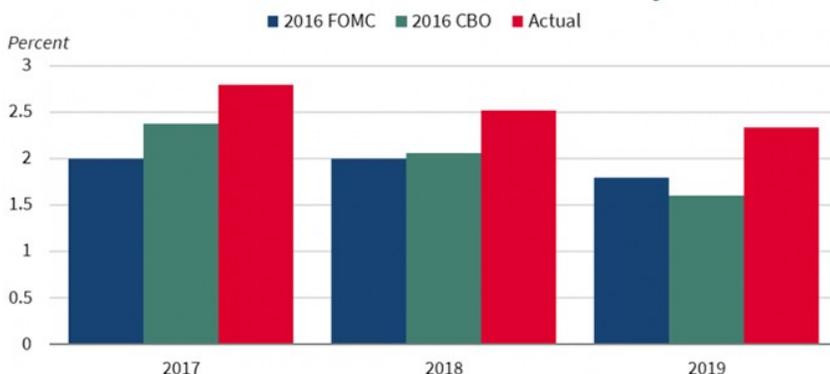
BACKGROUND. During the 8 years of the Obama Regime, the only sector that experienced consistent, expanding job growth was government. Meanwhile, he presided over the net loss of 210,000 manufacturing jobs and shackled the business sector with new, burdensome regulations. President Trump has reversed the failed, socialist economic policies of the Obama Regime and begun a new era of economic prosperity. He immediately began pro-growth policies of tax cuts, widespread deregulation, unleashing the energy sector, and renegotiating trade policies that had long decimated American manufacturing and international competitiveness.

CUTTING SPENDING. President Trump, using the Balanced Budget Act, ordered for FY 2021 that each non-exempt budget account decrease by the amount calculated by the Office of Management & Budget (OMB) in its February report to Congress. Last October, Trump sent a message to his cabinet: “Get rid of the fat, get rid of the waste.” He supported it with a policy directive, requiring agencies to cut 2020 budgets by 5%, a total of at least \$62 billion. This strategy could become a catalyst for reforms where the egregious spending occurs, in entitlement programs such as food stamps and Medicaid. Reforming these programs is necessary to change the long-term budget trajectory, says Trump. For the economic health of the country, the President and Congress must find ways to control the mounting national debt before it is too late. Cutting discretionary spending by 5% is an important first step toward achieving that goal.

ECONOMIC GROWTH. Trump has propelled one of the greatest stock markets in history. Since his election, the Dow Jones Industrial Average (DJIA) has hit 127 record closings, more than any other president’s first 3 years since 1952. Gross Domestic Product is far above its pace during the administrations of Obama or Carter, who both produced disastrous economies that almost destroyed the middle class. Real GDP has surpassed Congressional Budget Office (CBO) projections each year since 2016. Real GDP is \$260 billion higher than expected, 1.4%, higher than CBO projection, real wage and salary compensation per household about \$2,300 higher than projected. Beginning at the third quarter of 2019, U.S. annualized GDP growth was more than a full percentage point above other G7 country averages. Almost 2.5 million lifted from poverty, including 1.4 million children. The net wealth of the bottom 50% of households has grown by 47%, over 3 times the rate for the top 1% of households. Real household wealth has increased by almost \$12 trillion since Jan. 2017. Trump efforts to cut expensive regulations calculated to increase household incomes by \$3,100 annually. The historically-strong labor market, helped by pro-growth Trump policies, suggests that there is still substantial space to extend and further accelerate the longest expansion in U.S. history. The Council of Economic Advisers Report shows that 3 years into the Trump Administration, the U.S. economy continues to outperform pre-2016 election expectations, delivering tremendous gains to American families. President Trump wrote in introducing the Report, “These results did not come about by accident. Instead, they were supported by our foundational pillars for economic growth that put Americans first, including tax cuts, deregulation, energy independence, and trade renegotiation.” The report highlights the pro-market reforms to tax, labor, regulation, energy, and healthcare policy. It also identifies several Trump Administration responses to challenges to continued growth, including ensuring that U.S. markets remain economically fair and competitive, combating the ongoing threat of widespread opioid addiction, and addressing the overregulation of housing markets. During 2019, several macroeconomic indicators, including consumer spending, productivity, and labor shares of income, increased at elevated rates. Opportunity Zones are restoring hope to poverty communities that Obama neglected. Almost 9,000 Opportunity Zones designated in communities across the country, incentivizing investment in economically-distressed areas. The Bureau of Economic Analysis released its advance estimate for GDP for the 4th quarter of 2019 and the entire calendar year of 2019. The release estimates that real GDP grew 2.1% at an annual rate in the 4th quarter of 2019 and 2.3% over the four quarters of 2019. Consumer spending

and residential investment posted notable gains, propelling GDP growth and setting the stage for future economic expansion. GDP growth in 2019 continues to exceed pre-election forecasts. For example, in its final projection before the 2016 election, the CBO estimated that real GDP would grow at a 2% annual rate over the first 12 quarters of a new administration. Instead, under President Trump, real GDP beat expectations and grew at a 2.5% annual rate from the election to the end of 2019. American consumers continue

Real GDP Growth Relative to Pre-November 2016 Projections



Sources: Congressional Budget Office, August 2016 Baseline Forecast; Federal Open Market Committee, September 2016; Bureau of Economic Analysis; CEA calculations.
Note: FOMC = Federal Open Market Committee; CBO = Congressional Budget Office.
Q4-over-Q4 growth rates are used.

driving the economy with increased spending. Real consumer spending grew 2.6% in the four quarters of 2019. Higher consumer spending accounted for about 80% of real GDP growth in 2019. Real total household and nonprofit net wealth increased 12.1%, over \$12 trillion, over the first 11 quarters of the Trump Administration, more than any other president's first 11 quarters since this data series began. Income measures also show lower-income Americans enjoying the strongest gains. Under President Trump, real take home pay for the typical middle-class NE family has increased by about \$5,000. Real median household income is now at the highest level ever recorded. Median household incomes under Trump soared from \$61,000 to a record high of \$66,000 in less than 3 years into his presidency. This great news documents substantial middle-class prosperity in Trump's first 3 years in office. The \$5,003 rise in middle-class incomes is especially impressive, compared to incomes rising only by \$1,200 in the Obama years after the recession ended.

TRUMP ON POWER. Our domestic energy boom means real savings for NE families, as our President opens previously closed areas to exploration, drilling, and production. By lowering prices, the shale revolution saves the average NE family of 4 an estimated \$2,500 annually. Additionally, the shale-driven decline in emissions exceeded the projected savings from the now-rescinded Clean Power plan and allowed the U.S. to accomplish a larger decline in carbon dioxide emissions than the European Union.

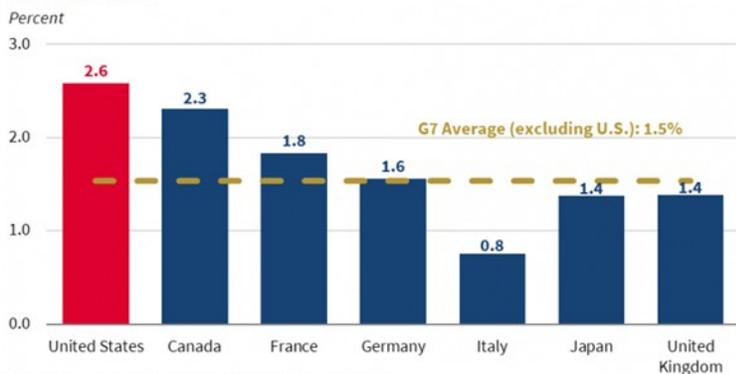
HOUSING HELP. Rising home unaffordability in some U.S. real estate markets hindered the economy under Obama. A key driver of this problem is overregulation by federal, state, and local governments that limits supply and increases costs. By driving up home prices, overregulation adversely affects poor Americans, who spend the largest share of their income on housing. With Trump incentive boosts and deregulation, improved trends for home ownership. By Dec. 2019, the home ownership rate hit 64.8%. That month, the National Association of Homebuilders/Wells Fargo Housing Market Index, which measures single-family homebuilder optimism, hit its highest level this century. Real residential investment rebounded in the third and fourth quarters of 2019, growing at 4.6% and 5.8% rates respectively. Strong housing starts data for last December show continued strength in residential investment into 2020.

EMPLOYMENT BOOM. The Trump economy added more jobs in 2019 than the CBO projection during the first 3 years of the Trump Administration. Almost 7 million jobs created nationwide since the 2016 election, over CBO projections, including over 500,000 manufacturing jobs in his first 37 months in office, almost twice the number added over the last 37 months of the prior administration. Additionally, over the first 37 months of the Trump Administration, manufacturing industrial production grew at an annual rate 11 times higher than the rate over the last 37 months of the Obama Regime. The Trump economy is returning to the work force thousands who had given up hope for work under the Obama Regime. In the 4th quarter of 2019, a record 74.2% of new jobs filled by these workers. This change resulted in the prime-age labor force growing by 2.3 million, after shrinking by almost 1.6 million under Obama. Total nonfarm payroll employment is 5

million higher than expected. New data from the Bureau of Labor Statistics (BLS) monthly employment situation report confirms that the historically strong U.S. labor market has continued to expand into 2020. Its Establishment Survey found that the economy added 225,000 jobs in January, exceeding market expectations of 158,000 jobs. Including upward

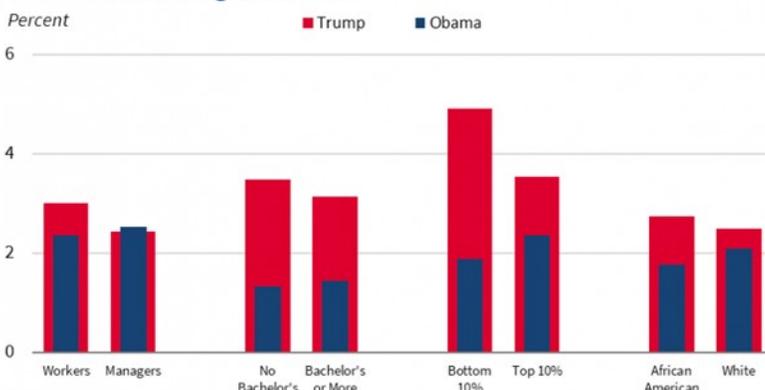
revisions to November and December, average monthly employment growth over the past year was a healthy 171,000 jobs. The sectors that saw the largest gains were education and health services (+72,000), construction (+44,000), and leisure and hospitality (+36,000). Since the 2016 election, the economy has created at least 100,000 jobs in 34 of those months and has added jobs every month. Wages are increasing faster for the lowest 10% of earners than for the top 10% of high earners. Sustained job creation hikes Nebraska wages, and the past 18 months saw the strongest earnings gains since the recession. Average hourly earnings grew 3.1% yearly, marking the 18th consecutive month of

Annualized U.S. Real GDP Growth vs. Other G7 Countries Since 2016 Election



Sources: Various national statistical offices; CEA calculations.
Note: Values represent growth at a compound annual rate from 2016:Q4 through 2019:Q3.

Growth in Earnings, 2009-19



Sources: Bureau of Labor Statistics; CEA calculations.
Note: Data represent a compound annual growth rate for 2009:Q3-2016:Q4 or July 2009-December 2016 and 2017:Q1-2019:Q3 or January 2017-November 2019. For workers and managers, earnings are defined as average weekly earnings. For all other categories, earnings are defined as median usual weekly earnings.

growth of 3% or more. Wages rose even faster for production and non-supervisory workers, who saw 3.3% yearly growth. In January, the labor force participation rate rose to 63.4%, its highest level since 2013. Importantly, the prime-age (25-54) labor force participation rate rose to 83.1% in January, 1.8 percentage points above its rate in November, 2016. The January, 2020, statistics from the Conference Board Consumer Confidence Index increased to 131.6, a 31% increase from the reading the previous month. Furthermore, the ratio of respondents who say jobs are “plentiful” compared to those who say jobs are “hard to get” is more than 4:1. Job openings have exceeded job seekers for 21 consecutive months. Over the past 2 years, workers in construction and manufacturing saw bonus growth of 18% and 23%, respectively. Workers in the lower-wage leisure and hospitality industry saw their bonuses jump by 83%.

UNEMPLOYMENT DOWN. The unemployment rate is 1.4% lower than CBO projection, the lowest level in 50 years. Unemployment rates for minorities, those without a high school degree, and disabled citizens hit record lows. This rate has set at or below 4% for 22 consecutive months. January marks the 23rd consecutive month that the unemployment rate was at or below 4%, the longest streak in 5 decades. This rate remains far below the CBO final pre-election projection of 5% and 1.1 percentage points lower than its level when President Trump was elected in November, 2016.

HEALTH CARE HELP. Our President is expanding affordable health care and child care options for Nebraskans. Ending the individual mandate penalty, expanding association health plans (AHPS), and expanding short-term health plans will generate about \$450 billion in benefits for families over 10 years. The reduction of the individual mandate penalty to zero accounts for \$14 billion per year, the AHPS rule accounts for \$8 billion annually, and the short-term reform totals \$8 billion per year. The reduction in the excess burdens of labor taxation accounts for \$15 billion per year. The White House estimates that the reforms will benefit all taxpayers. Another aspect of the projected benefits of the deregulatory reforms is that they reduce federal expenditures on Obama Care premium subsidies and reduce the deficit by \$185 billion.

DEREGULATION. A major reason for economic growth is the Trump regulation reform agenda. Once completed, real incomes in NE will rise by about \$3,100 per household annually, saving U.S. consumers and businesses about \$220 billion annually. The American Action Forum reported in April, 2019 that the Trump Administration would surpass its deregulatory goal for that year by 31 times, and the Competitive Enterprise Institute reported that in 2019, the Administration set a new record for the smallest number of new regulations issued by the federal government since the feds collected that data. In July, 2019, the president signed a bill implementing several reforms at the IRS, including making it harder for the agency to seize property from Americans. In February, the Administration announced it would repeal an Obama-era regulation crippling payday loans. Last April, the OMB issued a memo ordering federal agencies to submit unofficial guidelines for review in addition to formal rules. This action gave Congress increased ability to revise those guidelines. Last summer, the President signed an executive order directing federal agencies to simplify regulations for genetically- modified food. Trump signed an executive order directing federal agencies to reduce their advisory committees by at least 33%. He then signed an executive order creating the White House Council on Eliminating Barriers to Affordable Housing Development, intended to reduce regulations that make housing more expensive. His administration adopted a finalized rule to exempt small community banks from the Volcker Rule, freeing them from several regulations. The Administration announced it would repeal Bush- and Obama-era regulations on lightbulbs that force Americans to use only LED bulbs containing poisonous mercury. Last October, the President signed 2 executive orders to rein in the administrative state, limiting the use of agency guidelines, increasing White House oversight over agency guidelines, and requiring them to pass through the same process as regular regulations. Simultaneously, he signed an order requiring federal agencies to offset administrative spending increases with spending cuts elsewhere. Trump signed an executive order repealing a 2009 Obama order that had placed limits on hiring non-union federal contractors. The Trump Administration moved several agency divisions from Washington, D.C., to areas of the U.S. that they were created to serve, e.g., the Agriculture Department moved 2 of its research agencies to Kansas City. The Interior Department moved the Bureau of Land Management headquarters to Colorado. This January, the Administration released guidelines for artificial intelligence and autonomous vehicle regulatory standards, the guidelines eliminating over-regulation.

OFF WELFARE. Higher incomes and a historically blooming labor market translate into fewer Americans living below the poverty line. This strong labor market allows Americans to move from welfare to work. Since the 2016 election, food stamp usage is down by nearly 7 million, and Medicaid/CHIP enrollment has dropped by almost 3 million. Enrollment in TANF and non-elderly SSI also fell. The President noted that many receiving food stamps no longer need them, with our strong economy and low unemployment. The Administration has finalized a rule that tightens guidelines whereby states can waive limits on how long people can receive food stamps. This change will force more able-bodied adults into the



work environment, because millions who could work continue to receive food stamps. The Administration sought to tighten requirements for food stamps without congressional approval, after Congress blocked a Trump effort to pass new restrictions through the farm bill last year. The latest rule will take effect in 2021 and save taxpayers \$5.5 billion over 5 years by removing about 688,000 people immediately from food stamps, said Brandon Lipps, a USDA deputy undersecretary. The Administration can boast an accomplishment that food stamp rolls have fallen by 17.5% as the economy has grown. Data from the USDA shows that 7.7 million fewer Americans receive food stamps now than when Trump entered the White House. The USDA has proposed 3 major changes to the food stamp program: new rules that would create stricter work requirements for program eligibility, ending state flexibility regarding the income threshold of the program, and changing the immigrant "public charge" definition, which will prevent immigrants from obtaining U.S. visas, if they receive specific government benefits, like food stamps. An Urban Institute study

shows that the federal government would save \$4.2 billion in a year through its proposed changes to the food stamp program. With 7.7 million people peeled from the food stamp rolls in the past 3 years, the federal government spent \$13 billion less on the program in 2019 compared to 2016. The proposals line up with the food stamp program objective of giving people only temporary assistance, the goal of returning them to self-sufficiency and employment, so they can "experience the dignity of work."

THE LEFT FUMES. This economic boom has led Socialist Democrats and their media allies to ignore the good news. Their solid hatred of President Trump prevents them from reporting the truth about this economy, fearing it will boost his popularity and political foundation in the 2020 election. His astounding economic track record is their worst nightmare. The Left and liberal media now are engaged in a wholesale campaign to discredit the good news. Pundits have accused Trump of using phony numbers. The leftist Washington Post recently ran a piece entitled, "Here's How Donald Trump Inflated His Economic Record." The column sneers of Trump's "rambling distortions" and complains "Trump's numbers appear to have originated in a pair of columns from the Heritage Foundation."

TAKE ACTION NOW. These Trump actions and reforms lie in danger from Socialist Democrat opposition and reversals in Congress. We must guarantee that the Trump Agenda continues to bring unrivaled economic prosperity to America and Nebraska. Our future state and national prosperity depends on continued economic expansion. Use the content of this issue paper to lobby your representative and senators to uphold and champion the Trump economic miracle. Email netaxpayers@gmail.com for congressional contact information and to join our NTF *President Watch Project*.

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