


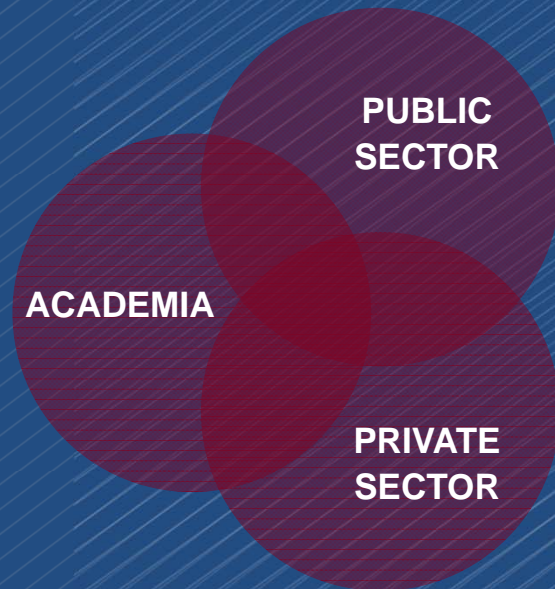


THE PENN WHARTON BUDGET MODEL

DRAFT JUNE 22, 2016

OUR ROLE: THE WHARTON SCHOOL OF THE UNIVERSITY OF PENNSYLVANIA

Harnessing modern advances in economic modeling, big data, cloud computing and visualization methods for informed policy decisions.



Wharton
UNIVERSITY of PENNSYLVANIA

THE PENN WHARTON
BUDGET MODEL

THE FEDERAL BUDGET PROCESS

The federal budget is one of our most important documents—it serves as a roadmap for our nation's priorities and details how we should pay for them.



PROPOSAL



EVALUATION



AUTHORIZATION

THE CURRENT FEDERAL BUDGET PROCESS IS JEOPARDIZING OUR ABILITY TO PROSPER

WE NEED TO MOVE FROM...

TO...

Ideologically-driven political debate



Fact-based political debate

Analysis of written legislation



Analysis of legislation during drafting stage

A process open only to a select few



A transparent, open budget process accessible to all

WE NEED AN HONEST BROKER

The Penn Wharton Budget Model is a nonpartisan and research-based model that provides accurate, accessible and transparent economic analysis of public policy's fiscal impact.



STATISTICAL ANALYSIS



FISCAL SANDBOXING

THE PENN WHARTON BUDGET MODEL PROVIDES A “SANDBOX” THAT IS...



ACCESSIBLE



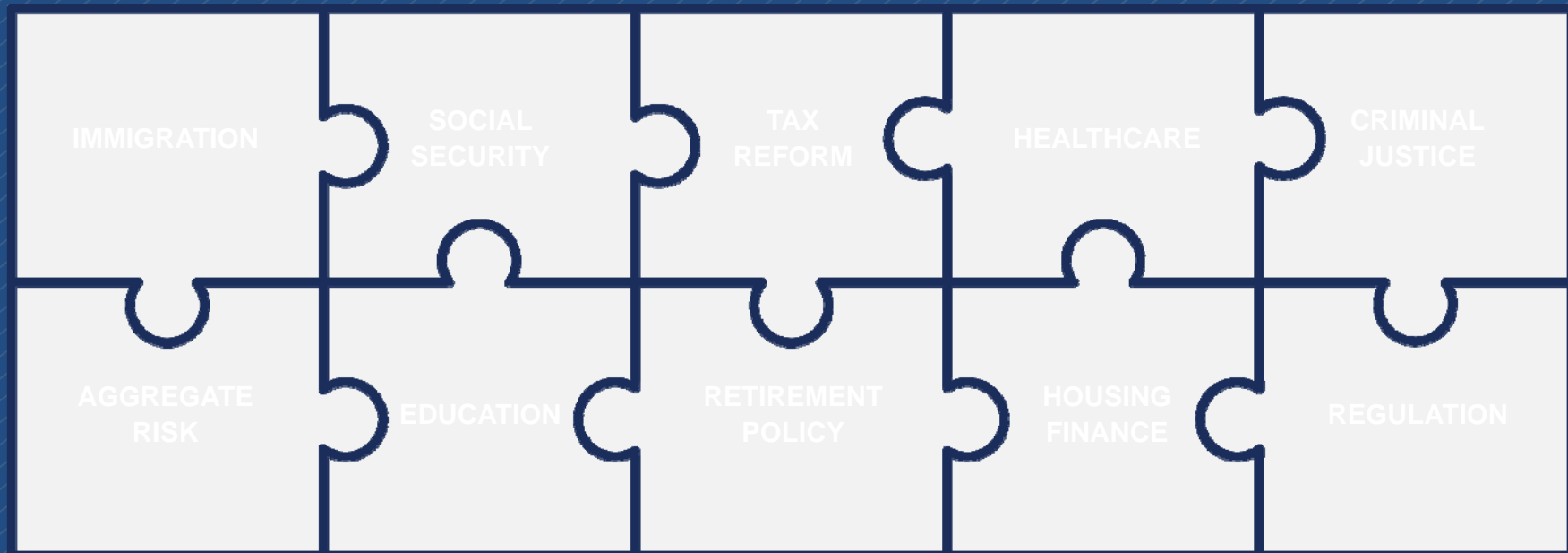
ACCURATE



ACTIVE

THE PENN WHARTON BUDGET MODEL'S LONG-TERM OBJECTIVE

Forecast the economic impact of policy proposals across a number of areas



BEHIND THE SCENES

The who, what and how of the Penn Wharton Budget Model



**Policy Selection
Criteria**



Team Members



Funders

HOW THE MODEL WORKS

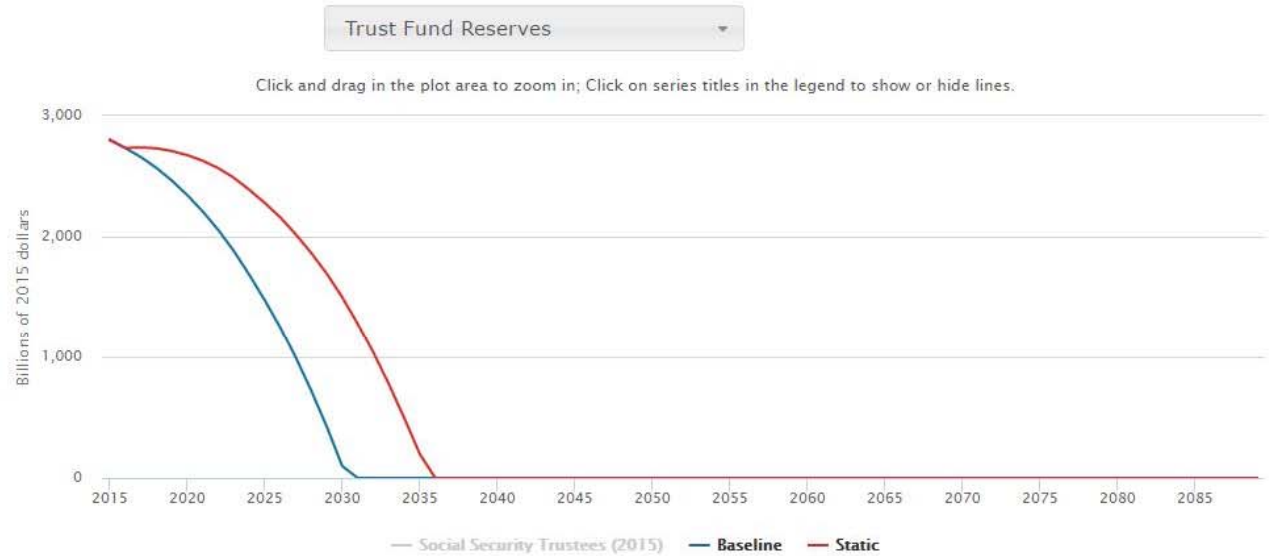
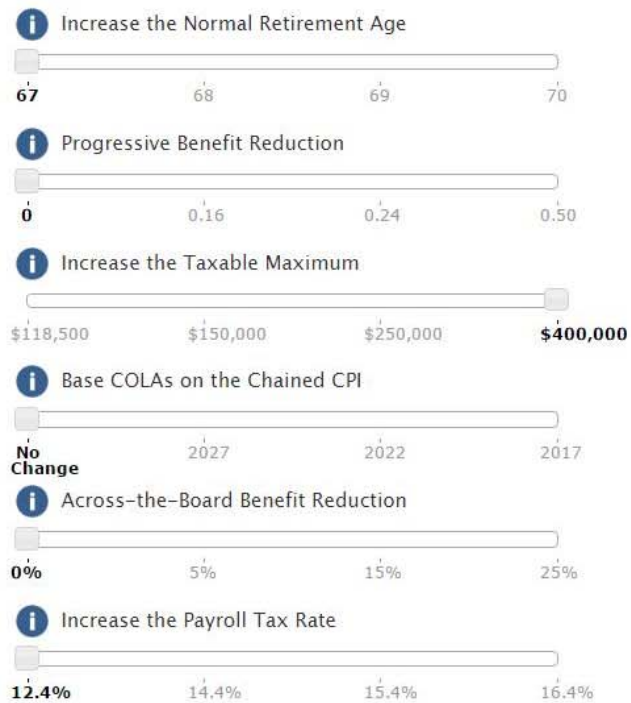
Using comprehensive, continually updating data sets, fair assumptions and historical validation for accurate modeling.

Assumptions and
Rationales

Data Sets and
Updating Process

Historically Validated
Model

SOCIAL SECURITY (OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE) POLICY



The Social Security Trust Fund consists of excess revenues from Social Security taxes, which are invested in non-marketable Treasury bonds. Interest income from these bonds that is not used to pay benefits is also deposited in the Trust Fund.

The Trust Fund is expected to continue growing during the next few years as interest income exceeds Social Security's non-interest revenue shortfall, although its value will decline in real terms (adjusted for inflation). As the difference between program costs and income from Social Security taxes grows larger, interest income will eventually be insufficient to cover the non-interest revenue shortfall. Trust Fund securities would then have to be redeemed to pay lawful benefits, implying an additional drain on the federal budget's general fund.

THANK YOU