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Breaking the Cycle: Solving the National Debt Crisis

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Executive Summary

In 2025, the U.S. national debt reached $37 trillion, pushing the debt-to-GDP ratio to 124%, one of the highest levels in American history.[6, 29] This is not merely a fiscal inconvenience but an active threat to economic stability, and warning signs suggest the crisis may arrive sooner than most expect. Treasury auctions are already showing strain, with weaker demand and higher yields needed to attract buyers.[45] Credit rating agencies have issued warnings and downgrades, signaling eroding confidence in U.S. fiscal management.[10, 22] Foreign holders, particularly China and Japan, have been reducing their Treasury holdings, shrinking the pool of reliable buyers.[44] Meanwhile, interest payments on the debt now exceed $1 trillion annually, consuming resources that could fund critical programs and crowding out productive spending.[5, 6] These symptoms indicate that markets are approaching their absorption limit, the point where they can no longer accommodate the continuous flood of new bonds needed to roll over maturing debt.

The government currently operates by rolling over its debt, borrowing new money to pay off old obligations rather than actually reducing what it owes. This cycle works only as long as financial markets can continuously absorb new Treasury bonds. When a massive amount of debt matures simultaneously and investor demand cannot keep pace, a rollover crisis occurs. Interest rates spike, borrowing costs explode, and the government faces default, a scenario that would trigger currency collapse, devastate savings, and plunge the economy into chaos exceeding the 2008 financial crisis.

Breaking this cycle requires the government to shift from perpetual borrowing to actual debt reduction. This report presents a comprehensive framework of social and fiscal measures designed to achieve that goal. By combining targeted austerity measures that eliminate waste, progressive tax reforms that restore fairness and close loopholes, and strategic national investments that strengthen the economy and workforce, the United States can stabilize its debt at 100% of GDP by 2035. This threshold is transformative, signaling that debt is growing slower than the economy, restoring market confidence, and provides the fiscal stability needed to weather future crises. From this foundation, the nation can continue on a sustainable path toward 60% debt-to-GDP by 2050, the ratio economists widely consider optimal for developed countries.[17, 31]

Critically, this plan achieves fiscal responsibility without sacrificing the wellbeing of working Americans. The restructured tax brackets reduce taxes for 73% of households, while investments in paid family leave, education, healthcare, and affordable housing directly improve quality of life and economic opportunity. Using proprietary Python models grounded in IRS data, Committee for a Responsible Federal Budget, and Congressional Budget Office projections,[3, 4, 6, 12] we demonstrate that these policies work as an integrated system, each component reinforcing

the others to generate over $1.3 trillion in annual deficit reduction while promoting sustained economic growth. The path forward exists. What remains is the political will to take it before the window closes.

Disclaimer

This report is an experimental project taken on by two seniors in high school. The scope of this project is limited, and all results are based on the simulated estimates generated by our Python model, as well as data from several publicly available government databases and established sources, especially the Congressional Budget Office (CBO), Committee for a Responsible Federal Budget (CRFB), and Internal Revenue Service (IRS).[3 4, 6, 12] The CRFB is the primary source of the policy savings figures in this report.[3, 4] This report is not intended to criticize any specific political party or government official, but rather to provide a much needed plan to improve the quality of life for all Americans while addressing the many economic problems associated with the national deficit and debt. The goal of this report is to stimulate discussion about the national debt, propose a possible solution to the crisis, and ultimately contribute to a positive impact on how the federal government addresses economic issues, with the hope of inspiring politicians to do so in a manner that benefits the American people.

Key Findings at a Glance

The Integrated Approach: This plan combines three elements working together: austerity measures eliminate government waste without cutting essential services, tax reforms close loopholes and restore progressivity while cutting taxes for most Americans, and strategic investments strengthen the workforce and economy for long-term growth. Each component reinforces the others to achieve $1.33 trillion in annual deficit reduction.

Austerity Measures ($5.23 trillion in savings): These cuts target inefficiency and waste, not core government functions. The largest savings come from repealing deficit-increasing legislation and controlling defense spending growth, which currently suffers from failed audits and billions in unaccounted expenses. Healthcare reforms introduce competition and negotiation to reduce costs while maintaining quality.

- Repeal the One Big Beautiful Bill Act: $4.0 trillion
- Limit defense spending growth to 1%: $680 billion
- Repeal student debt cancellation and reform college payment: $320 billion
- Reduce prescription drug costs through expanded negotiation: $230 billion

Tax Reforms ($11.2 trillion in new revenue): These reforms close loopholes exploited by the wealthy and corporations while actually reducing taxes for 73% of Americans. The restructured brackets cut rates for low and middle-income earners while adding higher brackets for top earners. Wealth held by the ultra-rich is largely untaxed, and international tax rules allow

corporations to hide profits overseas. These reforms ensure everyone pays their fair share without harming economic growth or small businesses.

- Wealth tax (2 to 3% on net worth over $50M): $3.08 trillion
- Revise payroll tax cap while capping benefits: $1.15 trillion
- Progressive corporate tax brackets (25 to 35%): $1.03 trillion
- Restructured income tax brackets (cuts taxes for 73% of Americans): $660 billion
- Reform international tax rules (align with OECD): $630 billion
- Cap pass-through deduction for high earners: $550 billion
- Close self-employment payroll tax loophole: $490 billion
- Tax capital gains as ordinary income over $1M: $340 billion
- Financial transactions tax (0.01%): $340 billion
- Restore estate tax to 2009 levels: $320 billion
- Improve IRS enforcement and compliance: $280 billion
- Increase cigarette and alcohol taxes: $160 billion
- Increase stock buyback tax to 4%: $90 billion
- Repeal fossil fuel tax breaks: $80 billion

Strategic Investments ($1.35 trillion): These investments pay returns by increasing productivity, reducing long-term costs, and strengthening the economy. Paid leave reduces turnover and healthcare costs, education programs create a skilled workforce, affordable housing lowers crime and improves stability, and expanded immigration grows the labor force and tax

base. Unlike spending, these are investments that generate economic benefits exceeding their costs.

- Paid family and medical leave: $620 billion
- Universal Pre-K: $280 billion
- Affordable housing construction: $220 billion
- Free community college: $120 billion
- Universal free school lunch: $110 billion
- Expanded immigration pathways: +$180 billion net revenue

Model Results: Our Python simulations use conservative assumptions and real IRS data from over 161 million tax returns. The model projects debt-to-GDP falling steadily from 125% in 2026 to 99.8% by 2035, crossing the critical 100% threshold that signals to markets that debt is growing slower than the economy. This trajectory establishes momentum to reach 60% by 2050, the ratio economists consider optimal. Policy impact grows 4% annually as enforcement improves and compliance increases.

- Annual deficit reduction: $1.33 trillion
- Debt-to-GDP trajectory: 125% (2026) → 99.8% (2035) → 60% (2050)
- Taxpayer impact: 73% pay less, 20% unchanged, 7% pay more
- All policies include bipartisan implementation strategies

Why Read Further: The sections that follow provide the detailed rationale, implementation mechanisms, and bipartisan framing for each policy. Every proposal includes specific legislative pathways and explains how it appeals to both Republicans and Democrats, demonstrating political feasibility alongside economic soundness. The full Python model code is included for complete transparency, allowing anyone to verify our calculations or adjust assumptions. If you want to understand not just what we propose but how it would actually work and why it could realistically pass Congress, the complete report provides the evidence and roadmap that these highlights cannot fully capture.

Austerity

To control spending and reduce the national deficit, we propose a series of targeted federal budget cuts. These austerity measures focus on limiting unnecessary or inefficient spending across various programs, including defense, healthcare, and student debt, and will be listed in order of decreasing savings.

Redaction of the One Big Beautiful Bill Act

The One Big Beautiful Bill Act was signed into law by President Trump on July 4, 2025. This Act is estimated to add between $2.4 trillion and $3.4 trillion to the deficit over ten years, excluding interest costs.[3, 4] Factoring in interest, the total increase in debt could reach $4 trillion

or more. Removing this Act and returning to the budget of the 2024 fiscal year is the first step in effectively controlling the debt and stabilizing it by 2035.

How this works:

Congress can repeal the Act through regular legislation or budget reconciliation. Framed as fiscal responsibility, it appeals to Republicans by reducing deficits and to Democrats by undoing provisions that disproportionately benefit the wealthy, creating bipartisan support while stabilizing debt by 2035.

Limiting Annual Defense Spending Growth to 1%

The Fiscal Responsibility Act of 2023 capped defense spending at $886.3 billion for FY 2024 and $895.2 billion for FY 2025, with growth expected to follow inflation thereafter.[7, 41] This proposal would instead limit growth to 1 percent annually through FY 2035, compared to the 6.4 percent increase between FY 2022 and FY 2023.[7] While some may argue that restricting defense spending would weaken U.S. security, that would actually not be the case, since the Pentagon already operates with the world's largest military budget by far. In fact, billions of dollars go unaccounted for each year due to waste and mismanagement, as highlighted by repeated failed audits and the fact that the Department of Defense is the only United States federal department that has never received a clean audit.[8] A slower growth rate would encourage efficiency and accountability without compromising core military strength, resulting in an estimated $680 billion reduction in government spending from 2025 to 2035.[3, 4]

How this works:

Congress can set a statutory cap of 1 percent annual growth through FY 2035. Republicans benefit from increased efficiency and reduced waste, while Democrats gain reduced

military overexpansion. Presenting it as both a cost-control and security-strengthening measure can build bipartisan backing, saving $680 billion.

Repealing Student Debt Cancellation and Reforming the College Payment Process

The Biden Administration's new IDR plan increases income exclusions, lowers undergraduate payment rates to 5 percent, forgives unpaid interest monthly, and cancels balances under $22,000 after ten to 20 years.[9] Replacing it with the College Cost Reduction Act reforms, which include institutional risk sharing and greater cost transparency, would reduce federal spending on loan forgiveness and interest subsidies, resulting in an estimated $320 billion in savings over the next ten years.[3, 4]

How this works:

Congress can repeal the current IDR plan and enact College Cost Reduction Act reforms, which would require colleges to share financial risk and improve cost transparency. Republicans support limiting federal spending; Democrats support protecting affordable repayment options. This approach saves $320 billion and enjoys bipartisan appeal.

Reducing Prescription Drug Costs

By building on the prescription drug pricing reforms enacted in the Inflation Reduction Act, including adding more drugs to the list that have their prices directly negotiated by Medicare, applying an effective cap on above-inflation price growth to the private sector, and expanding inflation rebates, an estimated $230 billion could be saved.[3, 4, 6, 40] By lowering drug prices, more Americans would have access to the medicines they need, resulting in a decrease in

time spent in hospitals and on medical leave. Also, by providing affordable drugs now, many Americans would likely stay healthier for longer into their lives. This new policy would provide economic benefits for decades to come, as people can work longer, miss less time due to medical issues, and be more effective in day-to-day tasks. Healthier individuals tend to be happier and devote more energy to their work.

How this works:

Congress can expand the Inflation Reduction Act's drug pricing reforms by allowing Medicare to negotiate prices for more drugs, capping private-sector price increases above inflation, and extending inflation rebates. This policy would lower costs for patients while reducing federal spending by $230 billion. Republicans benefit from cost control and reduced government waste, while Democrats support broader access and improved public health.

Tax Reforms

After reducing overspending, the next necessary measure to reduce the national deficit and debt is to pass tax reforms as well as roll back previous unnecessary tax cuts, thereby increasing the federal government's revenue. The series of reforms will be listed below, in order of most revenues to least, over a period of 10 years.

Reforming the Manner in which Assets are Taxed

Unlike income, wealth in the United States is largely untaxed. This proposal would impose a 2 percent annual tax on net worth exceeding $50 million and a 3 percent tax on net worth exceeding $1 billion, generating an estimated $3.08 trillion in revenue.[3, 4] To put this in perspective, 735 American billionaires now hold as much wealth as the entire bottom half of the country (170 million people).[1, 49] At the same time, tens of millions of Americans struggle in poverty. Many developed nations, such as Norway, Spain, and Switzerland, already have wealth taxes without seeing mass departures of the wealthy.[27] In Massachusetts, where a wealth tax exists at the state level, concerns about wealthy residents leaving have not materialized.[20] Moving entire corporations to lower-tax countries is also extremely difficult and costly, making large-scale corporate flight highly unlikely. By ensuring that those with extreme wealth contribute more, this policy would raise substantial revenue and strengthen fairness in the tax system without affecting the finances of 99.86% of Americans.

How this works:

Congress can implement an annual wealth tax of 2 to 3 percent on net worth exceeding $50 million, accompanied by anti-avoidance measures. Net worth would be calculated as total assets, including real estate, investments, business holdings, cash, and the market value of stock shares, minus liabilities such as mortgages or business debt. Stock value would be assessed once per year using end-of-year market prices or a short-period average to account for fluctuations. Republicans can frame the tax as a means of ensuring compliance and fairness within the system, while Democrats emphasize reducing inequality. Leveraging existing IRS infrastructure, this policy could raise $3.08 trillion over ten years without affecting 99.86 percent of Americans.

Revising the Payroll Tax Cap

Currently, only wages up to $176,000 are subject to payroll taxes for Social Security.[33] This cap reflects the wage cap introduced in 1937, when payroll taxes were created, excluding the top 5% of earners, and was implemented to prevent the government from having to make exorbitant payouts to high-income earners.[34] While this idea reflects the principle that Social Security should give out what an individual puts in, in today's society, the benefit of increasing the cap while capping the benefits is highly appealing. Specifically, increasing the wage cap would increase the resources the government can devote to payroll benefits for lower and middle-class workers. To prevent surplus aid from discouraging workers from finding employment, the extra income could be allocated to programs that assist workers in finding jobs when they are unemployed. This allocation could result in fewer government payouts for Social Security and other assistance programs in the long run, as people will stay unemployed for shorter periods. By implementing this tax reform, the U.S. could decrease the national debt by up to $1.15 trillion by 2035, primarily due to reduced spending on social programs and increased tax revenue from high-income earners.[3, 4]

How this works:

Congress can raise the Social Security payroll tax cap so that high-income earners pay payroll taxes on a greater share of their income while keeping benefit payouts capped at current levels. This reform would generate new revenue to strengthen Social Security and fund job training and reemployment programs that help workers find jobs faster, reducing long-term government spending on unemployment and welfare programs. Democrats support the policy for its fairness and protection of Social Security, while Republicans favor it for promoting workforce participation, reducing dependency, and limiting the need for broader tax hikes. Together, these

features make it a balanced, bipartisan approach to deficit reduction and long-term fiscal stability.

Reforming Corporate Tax Rates

The corporate tax rate was lowered by the TCJA in 2017 from 35% to 21%.[39] This significantly reduced government tax revenue and contributed to an increase in the budget deficit. For this reason, a plan to revamp corporate tax rates may be a meaningful way to decrease the budget deficit. However, raising corporate taxes aggressively may harm corporations, especially smaller ones with fewer resources. For this reason, a progressive, bracketed corporate income tax, similar to the regular income tax, may make more sense.

How this works:

Congress can implement a bracketed corporate tax system where only corporations with over $1 billion in net income pay the full 35% rate, while smaller corporations face lower rates starting at 25% that rise progressively. The Treasury Department and IRS would oversee the new brackets, ensuring accurate reporting and compliance. Democrats would support this policy for its fairness and contribution to deficit reduction through higher taxes on large corporations, while Republicans could back it for stimulating entrepreneurship and job creation among smaller firms. Together, this system promotes competitiveness, strengthens small business growth, and could reduce the deficit by about $1.03 trillion over the next decade.[3, 4]

Restructured Federal Income Tax Brackets

This policy primarily reduces taxes for the majority of Americans while restructuring the tax brackets. It lowers rates for low and middle-income earners within current income ranges,

while adding three brackets for higher earners. Approximately 94% of taxpayers would either pay less or see no change in federal income taxes, ensuring the vast majority directly benefit. Even more striking, 74% of Americans would see a substantial reduction in the taxes they pay. Single filers earning under $95,000 and married couples filing jointly under $190,000 benefit from lower marginal rates. In contrast, households with incomes above $487,451 for single filers and $950,001 for married couples would see slightly higher taxes. Using the latest IRS data (2022), Americans paid $2.14 trillion in federal income taxes.[12] Our Python model predicts that this bracket system would actually *increase* total revenue by 3.08%, or nearly $66 billion, to $2.206 trillion, while significantly reducing taxes for the majority of working-class Americans. By cutting taxes for most households, the plan boosts disposable income, stimulates consumer spending, encourages business investment, and promotes overall economic growth, all while generating higher revenue from top earners.

How this works:

The U.S. income tax is marginal, meaning each portion of income is taxed at its corresponding bracket rate.[14] Lower- and middle-income households pay less because the rates on their taxable income are reduced, while higher-income households pay more due to the expansion of top brackets. With a revenue increase of $660 billion over the next 10 years, this proposal could gain bipartisan support by appealing to Democrats as a way to increase income tax revenues and maintain progressivity within the tax system, and to Republicans as a tax relief measure for the majority of voters, making it politically feasible to pass in Congress. The following is a table comparing the current federal income tax brackets and our proposed tax bracket system:

Filing Status	Income Range	Current Tax Rate (2025)	Proposed Income Range	Proposed Tax Rate
Single Filers	$0 – $11,600	10%	$0 – $12,000	5%
Single Filers	$11,601 – $47,150	12%	$12,001 – $47,000	12%
Single Filers	$47,151 – $100,525	22%	$47,001 – $95,000	16%
Single Filers	$100,526 – $191,950	24%	$95,001 – $200,000	22%
Single Filers	$191,951 – $243,725	32%	$200,001 – $500,000	30%
Single Filers	$243,726 – $609,350	35%	$500,001 – $2,000,000	38%
Single Filers	$609,351+	37%	$2,000,001 – $10,000,000	44%
Single Filers	N/A	N/A	$10,000,000+	48%
Married Filing Jointly	$0 – $23,200	10%	$0 – $23,200	5%
Married Filing Jointly	$23,201 – $94,300	12%	$23,201 – $94,300	12%
Married Filing Jointly	$94,301 – $201,050	22%	$94,301 – $190,000	16%
Married Filing Jointly	$201,051 – $383,900	24%	$190,001 – $400,000	22%
Married Filing Jointly	$383,901 – $487,450	32%	$400,001 – $950,000	30%
Married Filing Jointly	$487,451 – $731,200	35%	$950,001 – $3,500,000	38%
Married Filing Jointly	$731,201+	37%	$3,500,001 – $12,000,000	44%
Married Filing Jointly	N/A	N/A	$12,000,000+	48%

Reforming International Tax Rules

Currently, the U.S. has a Global Intangible Low-Taxed Income (GILTI) tax rate of 10.5%.[35, 36] This rate is much lower than the internal corporate tax rate of 21%. This low rate has led companies to recognize a significant portion of their revenues in other countries and utilize tax loopholes to avoid paying the full 21% tax. To address this issue, the U.S. would establish a 15% minimum tax (effective floor) on foreign profits, aligning with the OECD's Pillar Two global agreement.[28] This rate would be applied separately to each country where a company

operates, ensuring earnings in low-tax jurisdictions are taxed fairly, rather than averaged across all locations.

How this works:

To implement this policy, the U.S. would maintain clear, targeted incentives for R&D and investment while ensuring they cannot be exploited as tax shelters. Compliance rules would be simplified to reduce the administrative burden on mid-sized firms, and regulators would monitor country-by-country tax data to adjust the policy if profit shifting does not meaningfully decline. By applying an international tax rate of around 21% in conjunction with the previously proposed corporate tax rate increases, the government could reduce the fiscal deficit by approximately $630 billion by 2035.[3, 4] This approach has bipartisan appeal: Republicans support it for protecting domestic businesses and encouraging investment, while Democrats favor it for increasing government revenue and closing loopholes that allow large corporations to avoid paying their fair share.

Capping the Pass-Through Business Deduction for High Earners

A “pass-through” business is one in which income is “passed through” to the owners or partners of the company and taxed at individual income tax rates up to 37 percent. These businesses can be organized in various ways and vary significantly in terms of size. The Tax Cuts and Jobs Act of 2017 provided pass-through businesses with a 20 percent deduction on their income, although the deduction is subject to income and occupation restrictions.[35, 37, 39] This option would retain it for individuals making less than $200,000 per year and couples making less than $400,000 per year, relative to a baseline that extends TCJA.

How this works:

By capping the pass-through business deduction for individuals earning over $200,000 per year and couples over $400,000 per year, high-income business owners would pay higher taxes on income directly received from their businesses. This effectively requires them to pay rates closer to standard corporate taxes, which is projected to reduce the budget deficit by about $550 billion by 2035.[3, 4] The policy appeals to both parties: Republicans support it as a way to prevent tax avoidance and ensure a fair business environment, while Democrats favor it for increasing revenue and reducing income inequality.

Closing the Payroll Tax Loophole for the Self-Employed

Income above $200,000 per year ($250,000 for married couples filing jointly) is generally subject to either a 3.8 percent Medicare payroll tax or a 3.8 percent Net Investment Income Tax (NIIT).[15, 37] However, certain business income, usually from partnerships or S corporations, is counted neither as wages nor investment income, and thus is not subject to either of these 3.8 percent surtaxes. This option would close that gap by applying the NIIT tax to any income above $200,000 ($250,000 for married couples filing jointly) not already subject to the payroll tax.

How this works:

By closing this loophole, all business owners would need to pay either the 3.8 percent Medicare payroll tax or the 3.8 percent Net Investment Income Tax on their business income, ensuring that income from salaries, investments, or businesses is taxed fairly. Implementation would involve updating tax reporting rules, enhancing IRS monitoring, and coordinating with accountants and payroll systems to enforce compliance. This policy appeals to both parties

because it increases government revenue without raising rates for the middle class, addressing fiscal responsibility while maintaining fairness for high earners. It is projected to reduce the budget deficit by approximately $490 billion by 2035.[3, 4]

Increasing Taxes on Capital Gains and Dividends

In contrast to the individual income tax, which has rates ranging from 10 percent to 37 percent, long-term capital gains and dividends are taxed at rates of 0 percent, 15 percent, and 20 percent, with a 3.8 percent Net Investment Income Tax (NIIT) for people making more than $200,000 ($250,000 for married couples filing jointly).[14, 15] This option would tax capital gains and dividends as ordinary income for taxpayers with more than $1 million of revenue. The maximum rate would be 37 percent (40.8 percent including the NIIT). It would also tax unrealized capital gains at death, with an exemption of $5 million per person.

How this works:

By aligning taxes on capital gains and dividends more closely with individual income tax rates, high-income individuals would be less likely to rely on stock options or pursue stock buybacks, practices often criticized for benefiting shareholders without promoting broader economic growth. Implementation would include updating IRS reporting requirements, strengthening oversight of equity compensation, and coordinating with corporate tax filings to ensure compliance. This policy has bipartisan appeal because it increases government revenue while incentivizing businesses to invest in research, development, and product innovation rather than financial maneuvers, promoting both fiscal responsibility and economic productivity. It is projected to reduce the budget deficit by approximately $340 billion by 2035.[3, 4]

Enacting a Subtle Financial Transactions Tax

Currently, except for a small fee to the Securities and Exchange Commission, no tax is levied on the purchase of stocks, bonds, or most financial products in the United States. This proposal would impose a 0.01% tax on most economic transactions, generating an estimated $340 billion over the next ten years.[3, 4] The tax is minimal, virtually imperceptible to ordinary investors, and would not affect everyday Americans; however, it captures revenue from large-scale trading by wealthy investors and institutions that often use complex financial products to avoid taxes. Similar financial transaction taxes are successfully implemented in countries such as India, the United Kingdom, and France, demonstrating that a small fee can generate substantial revenue without disrupting markets.[27] By targeting the highest-volume and highest-value trades, this policy helps ensure that the financial sector contributes fairly to funding the government.

How this works:

Congress would authorize the Treasury and the IRS to levy a 0.01 percent tax on the sale or purchase of most stocks, bonds, and other financial instruments. The tax would be collected at the point of transaction, using the existing clearinghouse and brokerage reporting infrastructure, making it simple to administer. Democrats can frame it as a fairness measure that ensures wealthy investors contribute their fair share in taxes. At the same time, Republicans can emphasize that the tax is so low it will not harm capital formation or investment. This approach generates revenue from high-volume, high-value transactions while remaining discreet and largely invisible to the average American.

Restoring the Estate Tax to 2009 Levels

The 2017 Tax Cuts and Jobs Act (TCJA) significantly weakened the Estate Tax by raising the exemption to $11.18 million per individual ($22.36 million for couples) and reducing the effective rate, thereby disproportionately benefiting the wealthiest Americans while doing little to help the middle and lower classes.[13, 39] Restoring the Estate Tax to its 2009 parameters would lower the exemption to $3.5 million ($7 million for couples) and raise the top rate to 45 percent.[13] This 5 percent increase is modest compared to historical rates, which were much higher during periods of economic growth, demonstrating that the policy is not overly burdensome. By targeting only the wealthiest estates, this reform would raise an estimated $320 billion by 2035, generating revenue without affecting the vast majority of Americans.[3, 4]

How this works:

Congress can restore the Estate Tax by adjusting the exemption threshold and top tax rate through standard legislative procedures. The IRS already administers estate collections, so no new infrastructure is needed. Democrats can frame it as ensuring fairness and reducing inequality, while Republicans can highlight that it affects only the ultra-wealthy and encourages responsible wealth transfer. By reinstating a historically reasonable tax, the government recovers revenue from estates that would otherwise avoid meaningful taxation, thereby helping to stabilize the deficit and the debt-to-GDP ratio.

Improving Tax Compliance and Reducing the Tax Gap

The U.S. loses hundreds of billions of dollars annually due to underreporting, misreporting, and tax evasion, creating a significant “tax gap.”[16] While the Inflation Reduction Act provided the IRS with nearly $60 billion to enhance enforcement and compliance, this

funding is expected to be exhausted by 2030.[40] Extending this funding and implementing measures such as expanded financial reporting, enhanced data analytics, and improved audits would strengthen enforcement, ensuring that individuals and corporations pay the taxes they are legally obligated to pay. By capturing previously lost revenue, this policy is estimated to raise $280 billion by 2035 and reduce the debt-to-GDP ratio by 3 percent by 2050.[3, 4, 6]

How this works:

Congress can authorize continued and expanded IRS funding while implementing new reporting requirements for high-income individuals and corporations. Enhanced auditing, digital reporting systems, and financial data cross-checks would allow the IRS to identify noncompliance more efficiently. Democrats can emphasize fairness and ensuring everyone pays their share, while Republicans can highlight reducing waste and closing loopholes that favor large corporations. By improving compliance rather than raising rates, this measure increases revenue without affecting most middle- and lower-income Americans.

Altering the Cigarette and Alcohol Tax

Cigarette and Alcohol taxes fall under the category of "sin taxes," which are taxes used both to raise revenue and discourage harmful behaviors. It is common knowledge that both cigarettes and alcohol are detrimental to anyone, so the potential to decrease consumption of such goods by increasing taxes is obviously appealing. However, in addition to enhancing the well-being of American citizens, the tax reform would also reduce the budget deficit by a predicted $160 billion by 2035, a clear win-win.[3, 4]

How this works:

This policy would increase and standardize tobacco taxes by taxing cigarettes and cigars at $75.50 per 1,000 units, roughly 50 cents per pack, and other tobacco products at $37.17 per pound.[38] Alcohol taxes would also be raised and made uniform at $16 per proof gallon, or 25 cents per ounce of pure alcohol.[38] Implementation would involve updating federal excise tax schedules, improving collection and reporting systems, and coordinating with states to minimize evasion. The bipartisan appeal comes from Republicans supporting higher taxes on harmful products to reduce public health costs and Democrats supporting measures that discourage consumption and promote healthier communities, while both sides benefit from increased revenue to lower the budget deficit.

Increasing Corporate Stock Buyback Tax to 4%

"Stock buybacks" refer to instances in which a company repurchases its own shares from investors, typically with the intention of increasing its stock price. Buybacks have increased significantly in recent years, setting new records for S&P 500 companies in 2018 and again in 2021.[32] We have already discussed the adverse effects of stock buybacks in the *"Increasing Taxes on Capital Gains and Dividends"* section, and this tax would address this issue more directly. By directly taxing companies that engage in this practice, the government can both eliminate the need for businesses to resort to stock buybacks and increase its tax revenue.

How this works:

This policy would raise the tax on corporate stock buybacks from 1 percent, as imposed by the Inflation Reduction Act, to 4 percent following President Biden's FY 2025 budget proposal.[40] Implementation would involve updating corporate tax filings to reflect the higher rate

and enhancing IRS monitoring of buyback transactions to ensure compliance. The bipartisan appeal comes from Republicans supporting measures that discourage shareholder-focused financial maneuvers that do not create jobs, and Democrats supporting increased revenue for social programs and deficit reduction, resulting in an estimated $90 billion decrease in the federal deficit by 2035.[3, 4]

Repealing Fossil Fuel Tax Breaks

The corporate tax code provides targeted subsidies to fossil fuel producers, artificially lowering their costs and prolonging reliance on an outdated energy model. Repealing these tax breaks would not only generate revenue but also reflect the reality that fossil fuels are no longer the most economical source of energy. Renewable energy, particularly solar and wind, is cheaper to produce and maintain, requires no ongoing fuel extraction costs, and continues to fall in price as technology improves.[18, 19, 46] In contrast, fossil fuel production faces volatile global markets, high extraction and transportation costs, and long-term environmental liabilities. Beyond economics, renewables reduce carbon emissions, improve public health, and strengthen energy security by decentralizing supply. Removing fossil fuel subsidies ensures that the market reflects actual costs and accelerates the transition toward a cleaner, more affordable, and sustainable energy system, while also saving the U.S. government an estimated $80 billion over the next decade.[3, 4]

How this works:

This policy would repeal tax breaks that apply only to fossil fuel companies while keeping incentives for renewables, low-income housing, life insurance, and credit unions intact. Implementation would involve adjusting the tax code to remove these specific fossil fuel

deductions and ensuring continued support for socially and environmentally beneficial sectors. The bipartisan appeal comes from Republicans supporting the removal of subsidies for a mature industry and promoting market efficiency, while Democrats support environmental protection and investment in clean energy, helping reduce government spending on outdated energy sources.

Investments

Alongside austerity measures, strategic investments in the U.S. economy and society are essential to promote long-term growth and improve the quality of life. These investments include education, housing, healthcare, and family support programs, listed in decreasing order of cost.

Paid Family and Medical Leave

Paid family and medical leave would cost the U.S. government $620 billion over a decade, but the financial cost is far outweighed by the social and economic benefits.[3, 4] It improves worker morale, increasing productivity and reducing turnover, which directly contributes to a higher national GDP by ensuring a more stable and engaged workforce. It also enhances financial security for families during crucial times, promoting better health outcomes for parents and children while reducing unemployment. For businesses, retaining employees is often more cost-effective than recruiting new ones, as long-term savings typically outweigh short-term costs. Paid leave also reduces reliance on public assistance programs, saving taxpayer

dollars, and ensures that workers can seek medical treatment early, avoiding more expensive emergency care. Internationally, the U.S. is the only advanced economy without paid leave, which makes it harder to attract and retain top talent compared to nations that already guarantee it.[26] With proven health benefits, reduced economic disruption, and strong public support, paid family and medical leave is not just a social policy but a financial investment in the country's future prosperity.

How this works:

A national paid leave program could be established by expanding the Social Security system or through a small payroll contribution shared by employers and workers, modeled on state programs already in place, such as those in California and New Jersey.[24] States would retain flexibility in administration, easing conservative concerns, while federal standards ensure fairness, appealing to progressives. Business tax credits could help offset startup costs, making bipartisan passage more feasible.

Free Community College

Free community college would cost the U.S. government $120 billion over the course of a decade, but the benefits far outweigh the expense.[3, 4] Community college often serves as the first step for working-class students, veterans, and adult learners, yet many are priced out or forced into long-term debt for a basic education. Making it free would give every American the opportunity to pursue a degree or acquire a trade skill without financial barriers, opening doors to better jobs and higher earnings. A more educated workforce benefits everyone by increasing productivity, strengthening communities, and boosting tax revenues over time, while also reducing reliance on government assistance programs. History shows that education is one of the

most powerful drivers of prosperity. Countries such as South Korea, Finland, and Germany built strong, competitive economies by making education accessible and affordable.[25] By following this example, the United States can ensure that its workforce remains prepared for the demands of the modern economy and that the nation continues to prosper.

How this works:

Free community college could be implemented by expanding federal funding to cover tuition and fees at all accredited community colleges, with states matching a portion of the cost to ensure local investment and accountability. Congress could structure the program through a federal-state partnership, similar to Medicaid, giving states flexibility while maintaining national standards. To build bipartisan support, proponents can emphasize how it strengthens the workforce and addresses the skilled labor shortage, benefiting both employers and the broader economy.

Universal Pre-K

Implementing universal Pre-K would cost $280 billion over a decade.[3, 4] High-quality Pre-K sets the foundation for lifelong learning by improving social, emotional, and academic skills. Children who attend Pre-K perform better throughout K-12, resulting in higher graduation rates and enhanced long-term educational outcomes.[25] Universal access also reduces financial strain on families with young children, allowing parents to work and earn a living while their children are in a safe, structured learning environment.

How this works:

Universal Pre-K could be implemented through a federal-state partnership, with Congress allocating funds to cover tuition and program costs while requiring states to contribute a portion

for accountability. States would administer programs using national standards but retain flexibility. To gain congressional approval, the plan can be framed as both an investment in future workforce productivity and a support system for working families, emphasizing long-term economic benefits and reduced childcare burdens. This approach can appeal to lawmakers across the aisle by highlighting education outcomes and financial efficiency.

Universal Free School Lunch

A universal free school lunch program, which would cost an additional $11 billion per year, on top of the current figure of $19 billion per year, would ensure that millions of students in lower- to middle-income families have access to at least one nutritious meal per day, including those not currently eligible under programs like the CEP.[3, 4, 43] Beyond keeping children fed, it would relieve financial and mental stress for families who struggle to provide meals at home. Many schools currently charge for lunches or allow lunch debt to accumulate, which can shame children and create stigma, harming self-esteem and focus. Well-nourished students are happier, more attentive, and perform better academically, which increases graduation rates and leads to a more educated workforce. A better-educated workforce strengthens the U.S. economy, boosting productivity, innovation, and long-term national prosperity. For just a fraction of the federal budget, this program represents an investment in both children's well-being and the country's future.

How this works:

Universal free school lunch could be implemented by expanding federal funding to cover meals at all public schools, building on existing programs such as the National School Lunch Program and the Community Eligibility Provision. Schools would receive reimbursement

directly from the federal government, thereby eliminating lunch debt and the stigma associated with it. To pass Congress, the program can be framed as both a child welfare and economic investment, improving student health and learning outcomes while fostering a more educated and productive workforce.

Building and Supporting New Affordable Housing

The United States faces a shortage of 3.8 to 7 million homes, driving housing prices beyond reach for millions of low- and middle-income families.[11, 23, 47] Just 10 percent of the program's ten-year estimated cost of $220 billion could end homelessness, easing the burden on shelters, hospitals, and law enforcement.[3, 4] The remaining funds would expand affordable family housing, providing families with the stability they need to raise children, pursue careers, and contribute to the economy. Secure housing reduces stress, improves worker productivity, and supports better health outcomes. Children in stable homes tend to perform better in school, resulting in higher graduation rates and a stronger workforce. Affordable housing also lowers crime rates, as people with secure living situations are less likely to turn to desperate or unsafe measures. By tackling the housing crisis, this investment reduces poverty, strengthens communities, and creates long-lasting economic growth for the nation.

How this works:

Congress could expand funding to the Department of Housing and Urban Development (HUD) and state-level housing agencies to build and subsidize affordable housing units, while offering incentives for private developers to incorporate affordable housing into new projects.[42] Bipartisan support is possible: Democrats can frame it as reducing inequality, while Republicans can emphasize reduced homelessness, lower crime, and a stronger workforce. With targeted

investment and oversight, the program can steadily close the housing shortage and deliver economic and social benefits for years to come.

Expanding Legal Immigration and Pathways to Citizenship

Creating a broader pathway to citizenship for undocumented immigrants while expanding legal avenues for future immigration is a key investment in the American economy. Rather than costing money, this policy would generate revenue by expanding the labor force and increasing the tax base. There are currently 13 to 14 million undocumented immigrants in the United States, many working in critical but often low-paying industries such as agriculture, construction, and service, which face chronic labor shortages.[21, 30] This plan would provide an easier pathway to citizenship for groups such as Latin Americans and other immigrants who typically arrive without authorization, while issuing more types of work visas beyond H-1B visas. Programs for adaptation, English learning, and integration would help immigrants settle and contribute fully. By providing legal pathways, the policy would reduce illegal immigration, stabilize the workforce, increase economic output, and generate tax revenue, ultimately reducing the deficit by an estimated $180 billion over the course of a decade.[3, 4]

How this works:

Congress can implement this policy through a comprehensive immigration reform bill that combines an easier pathway to citizenship with expanded work visa programs across industries beyond H-1Bs. Integration measures, including English and civics education, would ensure immigrants contribute fully to the workforce. By legalizing more workers and reducing illegal immigration, the policy strengthens labor markets, increases productivity, and generates substantial tax revenue, making it a net financial benefit rather than a cost. Republicans can

emphasize labor market stability and reducing illegal immigration, while Democrats can highlight fairness, economic inclusion, and workforce growth.

Our Model

The figures presented in the above sections are estimates of either the savings or costs of each measure over the next ten years. To accurately measure the exact revenues and deficits that will result from this proposed plan, a proprietary Python model is used to simulate the figures and assess their impact on the national debt. The source code of this model is listed near the end of this report.

Proposed Tax Brackets Python Model

```
import pandas as pd

# IRS data - all dollar amounts in MILLIONS
irs_data = {
    'income_bracket': [
        'No AGI', '$1-$5k', '$5k-$10k', '$10k-$15k', '$15k-$20k', '$20k-$25k',
        '$25k-$30k', '$30k-$40k', '$40k-$50k', '$50k-$75k', '$75k-$100k',
        '$100k-$200k', '$200k-$500k', '$500k-$1M', '$1M-$1.5M', '$1.5M-$2M',
        '$2M-$5M', '$5M-$10M', '$10M+'
    ],
    'all_returns': [3254.225, 8195.781, 8747.727, 9642.321, 9058.382, 8035.277,
                    8005.289, 15771.561, 13255.063, 23805.797, 15181.035,
                    25887.136, 10017.626, 1674.608, 360.882, 148.221, 208.129,
                    52.968, 34.630],
```

```
    'total_income_tax': [128.418, 18.734, 41.423, 188.178, 1736.237, 3804.019,
                         6376.403, 21322.304, 30309.343, 100103.598, 113079.420,
                         397758.377, 483056.987, 260282.198, 114003.393,
69338.677,
                         171825.620, 100262.125, 266286.618],
    'single_returns': [2366.241, 6820.661, 7042.691, 6833.904, 5779.700,
5040.723,
                       4804.071, 9232.844, 7564.876, 12332.062, 5874.693,
                       5789.288, 1409.096, 200.544, 41.086, 17.872, 27.261,
                       6.913, 4.837],
    'single_income_tax': [46.464, 12.969, 39.440, 174.014, 1688.272, 3648.632,
                          6053.956, 19251.081, 24814.615, 70877.988, 63102.361,
                          118445.000, 83029.691, 33322.493, 12997.038, 8122.083,
                          22343.935, 12805.269, 39235.143],
    'married_returns': [660.606, 753.224, 744.778, 960.577, 1067.299, 1141.188,
                        1293.290, 2689.524, 2710.563, 7112.905, 7325.004,
                        18132.960, 8217.044, 1407.631, 304.533, 123.960, 170.806,
                        43.126, 27.413],
    'married_income_tax': [64.571, 5.567, 0, 0, 0, 13.030, 33.587, 799.378,
                           2332.388, 16432.024, 35957.289, 245959.503,
377384.104,
                           215533.281, 95892.484, 58167.774, 141196.039,
81974.671,
                           200065.044]
}

df = pd.DataFrame(irs_data)

# Calculate current average tax per return (in actual dollars)
df['avg_tax_single'] = (df['single_income_tax'] * 1_000_000) /
(df['single_returns'] * 1000)
df['avg_tax_married'] = (df['married_income_tax'] * 1_000_000) /
(df['married_returns'] * 1000)

# Estimate income based on average tax paid
def estimate_income_from_tax(avg_tax, bracket_name):
    if avg_tax == 0 or pd.isna(avg_tax):
        return 0
    if 'No AGI' in bracket_name or '$1-' in bracket_name:
```

```
        effective_rate = 0.045
    elif '$5k' in bracket_name or '$10k' in bracket_name or '$15k' in
bracket_name:
        effective_rate = 0.07
    elif '$20k' in bracket_name or '$25k' in bracket_name or '$30k' in
bracket_name:
        effective_rate = 0.09
    elif '$40k' in bracket_name or '$50k' in bracket_name:
        effective_rate = 0.11
    elif '$75k' in bracket_name:
        effective_rate = 0.13
    elif '$100k-$200k' in bracket_name:
        effective_rate = 0.15
    elif '$200k-$500k' in bracket_name:
        effective_rate = 0.19
    elif '$500k-$1M' in bracket_name:
        effective_rate = 0.23
    elif '$1M' in bracket_name or '$1.5M' in bracket_name or '$2M' in
bracket_name:
        effective_rate = 0.26
    elif '$5M' in bracket_name:
        effective_rate = 0.28
    else:
        effective_rate = 0.30
    return avg_tax / effective_rate

df['estimated_income_single'] = df.apply(
    lambda row: estimate_income_from_tax(row['avg_tax_single'],
row['income_bracket']), axis=1
)
df['estimated_income_married'] = df.apply(
    lambda row: estimate_income_from_tax(row['avg_tax_married'],
row['income_bracket']), axis=1
)

# ===== Updated brackets =====
new_brackets_single = [
    (0, 12000, 0.05),
    (12001, 47000, 0.12),
```

```
    (47001, 95000, 0.16),
    (95001, 200000, 0.22),
    (200001, 500000, 0.30),
    (500001, 2000000, 0.38),
    (2000001, 10000000, 0.44),
    (10000001, float('inf'), 0.48)
]

new_brackets_married = [
    (0, 23200, 0.05),
    (23201, 94300, 0.12),
    (94301, 190000, 0.16),
    (190001, 400000, 0.22),
    (400001, 950000, 0.30),
    (950001, 3500000, 0.38),
    (3500001, 12000000, 0.44),
    (12000001, float('inf'), 0.48)
]

def calculate_new_tax(income, brackets):
    if income <= 0:
        return 0
    tax = 0
    for low, high, rate in brackets:
        if income > low:
            taxable_in_bracket = min(income, high) - low
            tax += taxable_in_bracket * rate
        if income <= high:
            break
    return tax

df['new_tax_single'] = df['estimated_income_single'].apply(lambda x:
calculate_new_tax(x, new_brackets_single))
df['new_tax_married'] = df['estimated_income_married'].apply(lambda x:
calculate_new_tax(x, new_brackets_married))

# Calculate new total revenue (returns in thousands, convert to millions)
df['new_revenue_single'] = (df['single_returns'] * 1000 * df['new_tax_single']) /
1_000_000
```

```
df['new_revenue_married'] = (df['married_returns'] * 1000 *
df['new_tax_married']) / 1_000_000

# Calculate totals
total_old_single = df['single_income_tax'].sum()
total_old_married = df['married_income_tax'].sum()
total_old_all = df['total_income_tax'].sum()

total_new_single = df['new_revenue_single'].sum()
total_new_married = df['new_revenue_married'].sum()

total_old_other = total_old_all - total_old_single - total_old_married
total_new_other = total_old_other

total_new_all = total_new_single + total_new_married + total_new_other

# Display results
print("=" * 80)
print("TAX REVENUE COMPARISON ANALYSIS")
print("=" * 80)
print("\nCURRENT SYSTEM:")
print(f"  Single Filers:        ${total_old_single*1_000_000:,.0f}
(${total_old_single/1_000_000:.3f} trillion)")
print(f"  Married Filing:       ${total_old_married*1_000_000:,.0f}
(${total_old_married/1_000_000:.3f} trillion)")
print(f"  Other Filing Status:  ${total_old_other*1_000_000:,.0f}
(${total_old_other/1_000_000:.3f} trillion)")
print(f"  Total (All):          ${total_old_all*1_000_000:,.0f}
(${total_old_all/1_000_000:.3f} trillion)")

print("\n" + "=" * 80)
print("PROPOSED NEW SYSTEM:")
print(f"  Single Filers:        ${total_new_single*1_000_000:,.0f}
(${total_new_single/1_000_000:.3f} trillion)")
print(f"  Married Filing:       ${total_new_married*1_000_000:,.0f}
(${total_new_married/1_000_000:.3f} trillion)")
print(f"  Other Filing Status:  ${total_new_other*1_000_000:,.0f}
(${total_new_other/1_000_000:.3f} trillion) [unchanged]")
```

```
print(f"  TOTAL ALL STATUSES:   ${total_new_all*1_000_000:,.0f}
(${total_new_all/1_000_000:.3f} trillion)")

print("\n" + "=" * 80)
print("REVENUE CHANGE:")
change_single = total_new_single - total_old_single
change_married = total_new_married - total_old_married
change_all = total_new_all - total_old_all

pct_single = (change_single / total_old_single) * 100 if total_old_single > 0
else 0
pct_married = (change_married / total_old_married) * 100 if total_old_married > 0
else 0
pct_all = (change_all / total_old_all) * 100

print(f"  Single Filers:        ${change_single*1_000_000:+,.0f}
({pct_single:+.2f}%) = ${change_single/1_000_000:+.3f} trillion")
print(f"  Married Filing:       ${change_married*1_000_000:+,.0f}
({pct_married:+.2f}%) = ${change_married/1_000_000:+.3f} trillion")
print(f"  TOTAL ALL STATUSES:   ${change_all*1_000_000:+,.0f} ({pct_all:+.2f}%) =
${change_all/1_000_000:+.3f} trillion")

print("\n" + "=" * 80)
print("TOTALS:")
print("=" * 80)
print(f"\nCurrent System (All Filers):   ${total_old_all*1_000_000:,.0f}
(${total_old_all/1_000_000:.3f} trillion)")
print(f"Proposed System (All Filers):  ${total_new_all*1_000_000:,.0f}
(${total_new_all/1_000_000:.3f} trillion)")
print(f"Total Change:                  ${change_all*1_000_000:+,.0f}
({pct_all:+.2f}%) = ${change_all/1_000_000:+.3f} trillion")

# Calculate taxpayer impact
df['single_tax_change'] = df['new_tax_single'] - df['avg_tax_single']
df['married_tax_change'] = df['new_tax_married'] - df['avg_tax_married']

# Count taxpayers by impact (returns are in thousands)
single_lowered = df[df['single_tax_change'] < -10]['single_returns'].sum() * 1000
```

```
single_same = df[abs(df['single_tax_change']) <= 10]['single_returns'].sum() *
1000
single_raised = df[df['single_tax_change'] > 10]['single_returns'].sum() * 1000

married_lowered = df[df['married_tax_change'] < -10]['married_returns'].sum() *
1000
married_same = df[abs(df['married_tax_change']) <= 10]['married_returns'].sum() *
1000
married_raised = df[df['married_tax_change'] > 10]['married_returns'].sum() *
1000

total_lowered = single_lowered + married_lowered
total_same = single_same + married_same
total_raised = single_raised + married_raised
total_taxpayers = total_lowered + total_same + total_raised

pct_lowered = (total_lowered / total_taxpayers * 100) if total_taxpayers > 0 else
0
pct_same = (total_same / total_taxpayers * 100) if total_taxpayers > 0 else 0
pct_raised = (total_raised / total_taxpayers * 100) if total_taxpayers > 0 else 0

print("\n" + "=" * 80)
print("TAXPAYER IMPACT:")
print("=" * 80)
print(f"Taxes Lowered:   {pct_lowered:.1f}% ({total_lowered:,.0f} taxpayers)")
print(f"Taxes Unchanged: {pct_same:.1f}% ({total_same:,.0f} taxpayers)")
print(f"Taxes Raised:    {pct_raised:.1f}% ({total_raised:,.0f} taxpayers)")
print("\n" + "=" * 80)
```

Proposed Tax Brackets Python Model Output

The following is a formatted version of the output provided in the console to display the current and proposed revenue totals after the above code has been run:

```
================================================================================
TAX REVENUE COMPARISON ANALYSIS
================================================================================
CURRENT SYSTEM:
  Single Filers:        $520,010,444,000 ($0.520 trillion)
  Married Filing:       $1,471,810,734,000 ($1.472 trillion)
  Other Filing Status:  $148,100,894,000 ($0.148 trillion)
  Total (All):          $2,139,922,072,000 ($2.140 trillion)
================================================================================
PROPOSED NEW SYSTEM:
  Single Filers:        $579,790,863,779 ($0.580 trillion)
  Married Filing:       $1,477,969,807,468 ($1.478 trillion)
  Other Filing Status:  $148,100,894,000 ($0.148 trillion) [unchanged]
  TOTAL ALL STATUSES:   $2,205,861,565,247 ($2.206 trillion)
================================================================================
REVENUE CHANGE:
  Single Filers:        $+59,780,419,779 (+11.50%) = $+0.060 trillion
  Married Filing:       $+6,159,073,468 (+0.42%) = $+0.006 trillion
  TOTAL ALL STATUSES:   $+65,939,493,247 (+3.08%) = $+0.066 trillion
================================================================================
TOTALS:
================================================================================
Current System (All Filers):   $2,139,922,072,000 ($2.140 trillion)
Proposed System (All Filers):  $2,205,861,565,247 ($2.206 trillion)
Total Change:                  $+65,939,493,247 (+3.08%) = $+0.066 trillion
================================================================================
TAXPAYER IMPACT:
================================================================================
Taxes Lowered:   73.1% (99,517,890 taxpayers)
Taxes Unchanged: 20.4% (27,730,563 taxpayers)
Taxes Raised:    6.5% (8,827,341 taxpayers)
================================================================================
```

Analyzing the Effects of our Proposed Tax Brackets

The proposed federal income tax structure was analyzed using a Python model based on IRS data, which included the number of returns and total income tax collected for single and married filers across nineteen income brackets.[12] The model first calculated the average tax per

return for each filing status and then estimated the approximate income for each bracket using assumed effective tax rates. It applied the proposed eight-tier progressive tax schedules for single and married filers, computing the new tax liability for each estimated income. These new tax liabilities were then multiplied by the number of returns to estimate total revenue, which was converted to millions for reporting purposes, and compared to the current system. Finally, the model assessed the impact on taxpayers by counting how many experienced lower, unchanged, or higher taxes.

The analysis indicates that total federal revenue would increase by approximately 3.08 percent, or $66 billion, from $2.14 trillion to $2.21 trillion. Single filers would see a notable 11.5 percent increase in taxes. In comparison, married filers would experience a modest increase of 0.42 percent, reflecting the design of the brackets to provide relief for middle-income households while generating additional revenue from higher earners. A taxpayer impact analysis reveals that 73.1 percent of filers would pay lower taxes, 20.4 percent would remain unchanged, and 6.5 percent would see an increase in taxes. By grounding the calculations in actual IRS filing data and the proposed bracket structure, this approach provides a detailed estimate of both revenue effects and distributional impacts across filing statuses.

Social and Fiscal Policy Simulation Python Model

```
# ============================
# FISCAL POLICY IMPACT SIMULATOR (2026-2035)
# ============================

# ----------------------------
# INITIAL ECONOMIC VARIABLES
# ----------------------------
INITIAL_DEBT_2025 = 37700  # billion USD
BASELINE_DEFICIT_2025 = 1800  # billion USD
```

```
GDP_2025 = 30500  # billion USD

# ----------------------------
# ASSUMPTIONS / JUSTIFICATIONS
# ----------------------------
# Baseline deficit growth rate
# Assumes a modest 2% annual growth in baseline deficit to reflect typical
spending increases, but while taking into account
# the increased efficiency provided by the policies
DEFICIT_GROWTH_RATE = 0.02

# GDP growth rate
# Assumes 3.5% annual nominal growth
# Justification: AI boom, productivity gains, economic stimulation from
investments and tax reforms,
# and restructured tax brackets boosting labor incentives
GDP_GROWTH_RATE = 0.035

# Policy impact ramp
# Policies reduce the deficit incrementally over time; annual impact grows 4% per
year to reflect
# improved compliance, enforcement, and efficiency
POLICY_IMPACT_RAMP = 0.04  # 4% annual growth

# Simulation years
SIM_START = 2026
SIM_END = 2035

# ----------------------------
# POLICY DEFINITIONS (10-year totals)
# ----------------------------
policies = [
    {"name": "Redact the One Big Beautiful Bill Act", "total": 4000},
    {"name": "Limit Defense Spending Growth to 1%", "total": 680},
    {"name": "Repeal Student Debt Cancellation", "total": 320},
    {"name": "Reduce Prescription Drug Costs", "total": 230},
    {"name": "Wealth Tax (2-3% on $50M+)", "total": 3080},
    {"name": "Revise Payroll Tax Cap", "total": 1150},
    {"name": "Reform Corporate Tax Rates", "total": 1030},
```

```
    {"name": "Restructured Income Tax Brackets", "total": 660},
    {"name": "Reform International Tax Rules", "total": 630},
    {"name": "Cap Pass-Through Deduction", "total": 550},
    {"name": "Close Self-Employment Tax Loophole", "total": 490},
    {"name": "Increase Capital Gains Tax", "total": 340},
    {"name": "Financial Transactions Tax (0.01%)", "total": 340},
    {"name": "Restore Estate Tax to 2009 Levels", "total": 320},
    {"name": "Improve Tax Compliance", "total": 280},
    {"name": "Increase Cigarette & Alcohol Tax", "total": 160},
    {"name": "Increase Stock Buyback Tax to 4%", "total": 90},
    {"name": "Repeal Fossil Fuel Tax Breaks", "total": 80},
    {"name": "Paid Family & Medical Leave", "total": -620},
    {"name": "Universal Pre-K", "total": -280},
    {"name": "Building Affordable Housing", "total": -220},
    {"name": "Free Community College", "total": -120},
    {"name": "Universal Free School Lunch", "total": -110},
    {"name": "Expand Immigration Pathways", "total": 180},
]

# ----------------------------
# DISTRIBUTE POLICY IMPACT ANNUALLY
# ----------------------------
annual_policy_impact_base = sum(p["total"] for p in policies) / 10

# ----------------------------
# RUN SIMULATION
# ----------------------------
years = []
debt_levels = []
gdp_values = []
debt_to_gdp = []
policy_impacts = []
final_deficits = []
baseline_deficits = []

cumulative_debt = INITIAL_DEBT_2025
gdp = GDP_2025
annual_policy_impact = annual_policy_impact_base
```

```
# Print initial conditions
print("="*79)
print("INITIAL CONDITIONS (2025):")
print(f"  Total Debt: ${INITIAL_DEBT_2025:,}B")
print(f"  Baseline Deficit: ${BASELINE_DEFICIT_2025:,}B")
print(f"  GDP: ${GDP_2025:,}B")
print(f"  GDP Growth Rate: {GDP_GROWTH_RATE*100:.1f}% annually")
print(f"  Deficit Growth Rate: {DEFICIT_GROWTH_RATE*100:.1f}% annually")
print("="*79)
print()

# Table header
print("="*110)
print(f"{'Year':<6} {'Deficit':<12} {'Policy Impact':<15} {'Final Deficit':<15}
{'Total Debt':<13} {'GDP':<12} {'Debt/GDP':<10}")
print("="*110)

for year in range(SIM_START, SIM_END+1):
    # Baseline deficit grows 1% per year
    if year > SIM_START:
        baseline_deficit = baseline_deficits[-1] * (1 + DEFICIT_GROWTH_RATE)
    else:
        baseline_deficit = BASELINE_DEFICIT_2025

    # GDP grows 4% annually
    if year > SIM_START:
        gdp *= (1 + GDP_GROWTH_RATE)

    # Policy impact ramps 2% per year
    if year > SIM_START:
        annual_policy_impact *= (1 + POLICY_IMPACT_RAMP)

    final_deficit = baseline_deficit - annual_policy_impact
    if final_deficit < 0:
        final_deficit = 0

    cumulative_debt += final_deficit
    debt_to_gdp_ratio = cumulative_debt / gdp * 100
```

```
    # Round numbers
    baseline_deficit_rounded = round(baseline_deficit)
    policy_impact_rounded = round(annual_policy_impact)
    final_deficit_rounded = round(final_deficit)
    cumulative_debt_rounded = round(cumulative_debt)
    gdp_rounded = round(gdp)
    debt_to_gdp_rounded = round(debt_to_gdp_ratio,1)

    # Store values
    years.append(year)
    baseline_deficits.append(baseline_deficit_rounded)
    policy_impacts.append(policy_impact_rounded)
    final_deficits.append(final_deficit_rounded)
    debt_levels.append(cumulative_debt_rounded)
    gdp_values.append(gdp_rounded)
    debt_to_gdp.append(debt_to_gdp_rounded)

    # Print row
    print(f"{year:<6} ${baseline_deficit_rounded:<11,}
${policy_impact_rounded:<14,} ${final_deficit_rounded:<14,} "
          f"${cumulative_debt_rounded:<12,} ${gdp_rounded:<11,}
{debt_to_gdp_rounded:<9,.1f}%")

print("="*110)
print()

# ----------------------------
# POLICY SUMMARY
# ----------------------------
print("POLICY SUMMARY (10-year total):")
print("-"*80)
for policy in policies:
    sign = "-" if policy["total"] < 0 else ""
    print(f"{policy['name']:<50} {sign}${abs(policy['total']):>7,}B")
print("-"*80)
print(f"{'Total Policy Impact (annualized)':<50}
${round(annual_policy_impact_base):,}B/year")
print("="*79)
```

Social and Fiscal Policies Simulation Python Model Output

```
================================================================================
INITIAL CONDITIONS (2025):
  Total Debt: $37,700B
  Baseline Deficit: $1,800B
  GDP: $30,500B
  GDP Growth Rate: 3.5% annually
  Deficit Growth Rate: 2.0% annually
================================================================================
Year   Deficit      Policy Impact   Final Deficit   Total Debt    GDP          Debt/GDP
================================================================================
2026   $1,800       $1,326          $474            $38,174       $30,500      125.2    %
2027   $1,836       $1,379          $457            $38,631       $31,567      122.4    %
2028   $1,873       $1,434          $439            $39,069       $32,672      119.6    %
2029   $1,910       $1,492          $419            $39,488       $33,816      116.8    %
2030   $1,948       $1,551          $397            $39,885       $34,999      114.0    %
2031   $1,987       $1,613          $374            $40,259       $36,224      111.1    %
2032   $2,027       $1,678          $349            $40,608       $37,492      108.3    %
2033   $2,068       $1,745          $323            $40,931       $38,805      105.5    %
2034   $2,109       $1,815          $295            $41,225       $40,163      102.6    %
2035   $2,151       $1,887          $264            $41,489       $41,568      99.8     %
================================================================================
POLICY SUMMARY (10-year total):
--------------------------------------------------------------------------------
Redact the One Big Beautiful Bill Act             $  4,000B
Limit Defense Spending Growth to 1%               $    680B
Repeal Student Debt Cancellation                  $    320B
Reduce Prescription Drug Costs                    $    230B
Wealth Tax (2-3% on $50M+)                        $  3,080B
Revise Payroll Tax Cap                            $  1,150B
Reform Corporate Tax Rates                        $  1,030B
Restructured Income Tax Brackets                  $    660B
Reform International Tax Rules                    $    630B
Cap Pass-Through Deduction                        $    550B
Close Self-Employment Tax Loophole                $    490B
Increase Capital Gains Tax                        $    340B
Financial Transactions Tax (0.01%)                $    340B
Restore Estate Tax to 2009 Levels                 $    320B
Improve Tax Compliance                            $    280B
Increase Cigarette & Alcohol Tax                  $    160B
Increase Stock Buyback Tax to 4%                  $     90B
Repeal Fossil Fuel Tax Breaks                     $     80B
Expand Immigration Pathways                       $    180B
```

```
Paid Family & Medical Leave                        -$    620B
Universal Pre-K                                    -$    280B
Building Affordable Housing                        -$    220B
Free Community College                             -$    120B
Universal Free School Lunch                        -$    110B
-------------------------------------------------------------------------------------------
Total Policy Impact (annualized)                   $1,362B/year
===========================================================================================
```

Analyzing the Economic Effects of Our Proposed Social Fiscal Policies Using Our Economic Simulation Python Model

The economic effects of our proposed social fiscal policies were evaluated using a Python-based simulation model projecting debt, deficit, GDP, and debt-to-GDP ratios from 2026 to 2035. Baseline deficits grow modestly at a rate of 2 percent annually, reflecting efficiency gains from restructured tax brackets, enhanced compliance, and targeted policy enforcement.[6] Policy measures reduce the deficit incrementally over time, with their annual impact growing 4 percent per year to account for improved compliance, enforcement, and operational efficiency. GDP growth is projected at 3.5 percent annually, driven by productivity gains from the US AI and quantum computing boom, labor market stimulation, and enhanced worker productivity resulting from the proposed investments and tax incentives.[2] The model calculates annual deficits after accounting for the increasing policy impact, updates total debt, and computes debt-to-GDP ratios to assess fiscal sustainability.

Simulation results indicate that cumulative policy measures reduce the deficit by over $1.4 trillion per year, with growth in policy impact outpacing baseline deficit increases. Debt-to-GDP declines steadily from the current figure of 125% to 99.8% by 2035, demonstrating that the combination of progressive fiscal policies, strategic investments, and efficiency-driven

deficit management can lower national debt relative to GDP to a stable percentage, even while supporting sustained economic expansion and social objectives.

Conclusion

This report began with a simple question: can the United States solve its debt crisis without sacrificing the wellbeing of its people? After months of research, economic modeling, and policy analysis, our answer is yes, but the solution requires abandoning the false choice between fiscal responsibility and social progress.

The threat is real and urgent. When you owe money on a credit card, you can usually make minimum payments indefinitely. But when you owe $37 trillion and lenders start doubting your ability to repay, everything changes. A debt rollover crisis occurs when so much debt comes due at once that markets cannot absorb new bonds. Interest rates spike, borrowing becomes impossibly expensive, and default becomes inevitable. The result would devastate ordinary Americans through currency collapse, evaporated savings, and economic chaos far worse than 2008.

Yet our Python simulations reveal a different future is possible. By modeling real IRS tax data across over 161 million returns and projecting forward using CBO and CRFB baseline assumptions, we tested whether our combined policies could actually work.[3, 4, 6, 12] The model incorporates realistic growth rates (3.5% GDP growth from AI productivity gains, 2% baseline

deficit growth from improved efficiency, 4% annual policy impact growth from better enforcement), and the results are clear: debt-to-GDP falls from 124% to 99.8% by 2035.

Reaching 99.8% represents a transformative achievement on its own. Breaking below 100% debt-to-GDP signals to global markets that America's debt is growing slower than its economy, immediately stabilizing investor confidence and reducing crisis risk. This threshold provides breathing room, lowers borrowing costs, and restores fiscal flexibility to handle future emergencies. Beyond this immediate stability, reaching 99.8% by 2035 establishes the downward momentum needed to achieve 60% by 2050, the ratio economists widely consider optimal for developed nations.[17, 31] At 60%, governments maintain sufficient borrowing capacity for crises while keeping interest costs manageable and growth strong. Our trajectory makes both milestones possible while ensuring 73% of Americans pay less in taxes.

The policies themselves form an integrated system. Austerity cuts waste, not services (the Pentagon fails audits annually while billions disappear).[8] Tax reforms don't punish success but end absurdities (why should billionaires pay lower rates than teachers?). Investments aren't spending but returns (paid leave keeps workers employed, free community college creates skilled labor, affordable housing reduces crime and healthcare costs). Each reinforces the others.

We are two high school seniors, not economists or politicians. We cannot implement these policies or overcome partisan gridlock. But we can offer what Washington often lacks: an honest accounting of both the problem and a workable solution, built on data rather than personal ideology. The numbers show it can be done. Whether it will be done depends on leaders willing to choose the difficult right over the easy wrong. The debt will not wait for perfect conditions or political convenience. The question is whether we act now, while we still have the choice.

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