Fiscal Challenge 2021
Team 122
The Debt to GDP Ratio

2020 Est
2019 Est
We the People...
In order to form a more perfect union

1. Establish Justice

2. Domestic Tranquility & Common Defense

3. Promote the General Welfare

4. For Ourselves and Our Posterity
Establish Justice

- Immigration Reform
- Housing Expansion
- Land Value Tax
Immigration Reform

Double annual number of immigrants welcomed

Three year path to citizenship for current undocumented immigrants who meet qualifications

Move to a points based immigration system to replace mathematical caps

Increase funding for USCIS to guarantee decisions within two months

Create the Heartland and Start-Up Visa programs

Source: Moody's Analytics
Land Value Tax

Annual tax on the undeveloped value of land

0.5% rate to raise $3 trillion over 30 years

$23 TRILLION

Source: Bureau of Economic Analysis
Housing Liberalization

**Zoning Reform**
- Require CDBG recipient communities to disclose exclusionary land use policies
- Provide bonuses to localities that streamline affordable housing development especially near transit

**Development Incentives**
- Create credit for rehabilitating vacant houses and building on vacant land in distressed areas
- Increase funding for the Low Income Housing Tax Credit

Sources: Up for Growth, New Democrat Coalition
Domestic Tranquility & Common Defense

- Defense Spending Reduction
- Progressive Consumption Tax
- Social Security Reform
Defense Spending Reduction

01. Decrease Basic Allowance of Housing to BAH
02. Retire F-22 force
03. Reduce O&M budget by matching to appropriation for 2021 (excluding DHP)

Source: CBO
Progressive Consumption Tax

VAT
Value added tax of 14.2% to maintain revenue neutrality and shift tax burden to higher spenders

Increased Deductions
$100,000 for married couples
$75,000 for heads of household
$50,000 for singles

New Marginal Brackets
17% on first $50,000
25% on $50,000-$250,000
28% above $250,000

Source: Tax Foundation
Social Security Reform

01. Use Chained CPI to index COLA instead of CPI-W

02. Raise Full Retirement Age from 67 to 70 by 2 months per birth year

Sources: CBO, Social Security Advisory Board
Promote the General Welfare

- Medicare Reform
- Prescription Drugs
- Excise Taxes
Medicare PROUD: **Premium Reduction** and **Opportunities for the Underserved and Deprived**

**NEW LAW**
- Insurers submit bids for benefits packages
- Enrollees pay: Standard Premium ± Deviation
- Medicare FFS now one of many competing plans

**BENEFITS**
- Average Premium: -7%
- Out-of-Pocket Costs: -5%
- Increased incentives for competition and more options
- Restores surplus to Medicare Part A Trust Fund by 2030

Sources: CBO, Kaiser Family Foundation
**Rx: An American Antidote**

### Price Negotiation
Allow HHS to directly negotiate with manufacturers for lower drug prices under Medicare Part D plans

### Reference Pricing
Stabilize Part D prescription drug prices at no more than 120% of the weighted average of a basket of similar developed economies

### Inflation Rebates
Federal rebates for annual price increases of drugs covered under Parts B & D that exceed CPI-U inflation

Sources: CBO, JCT, Senate Finance Committee
Healthy Habits and Fair Taxation

Standardize Tax on Alcoholic Beverages

$16 per proof gallon for all beverages (25¢ per ounce of pure alcohol)

Increase Tax on Tobacco

Raise federal excise tax on all tobacco products by 50% and tax cigars equally with cigarettes

Sources: Journal of American Medicine, NIH, CBO
For Ourselves and Our Posterity

- Gas Tax
- Highway Trust Fund
- Carbon Tax
- Energy Reforms
Gas Tax and Highway Trust Fund

**Increase the Federal Gas Tax by 15 Cents**

**Rates**
Currently set at 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel

**Revenues**
Increase revenues by about $900 billion through 2051

**Reforms**
Use revenues for highway infrastructure investment

Source: CBO
Carbon Tax & Energy Reforms

1. $25/metric ton carbon tax
2. Eliminate tax preferences for extractive industries
3. Double the Department of Energy budget

Sources: CBO, Breakthrough Energy
We the People...

Immigration Reform

Environmental Protection

Sensible Defense

Healing Healthcare

Progressive Taxation

Sustainable Entitlements

Clean Energy Investments

Housing Expansion
Appendix

- Additional Graphs
Immigration

2/3 of undocumented immigrants hold “COVID Essential” jobs

Aging population and declining population growth threaten American dynamism

Sources: UN Population Department, American Community Survey, New American Economy
The Missed Opportunity of Housing

Percent Change in Income and Rent since 1960

Sources: Census Bureau, Harvard Joint Center for Housing Studies