THE AMERICAN STABILITY AND LONG-TERM PROSPERITY ACT

A Policy Framework for Fiscal Restoration, Middle-Class Protection, and Intergenerational Stewardship

Working Draft — 2026

planforprosperity.org

A Note on This Document

This is a policy white paper, not an introduced bill. It is intended as a reference framework for legislators, executive agencies, civic organizations, and the public — not as drafted statutory text ready for floor consideration. Where this document uses dollar figures, those figures are illustrative directional estimates derived from publicly available data and conventional CBO budget-window logic; they are not official Congressional Budget Office scores, and any provision adopted from this framework would require formal CBO scoring before legislative consideration. Where this document describes legislative architecture, that architecture is presented as an operational outline for use by the Office of Legislative Counsel and committee staff in drafting any actual statutory language.

The document was developed through a three-stage process: an initial strategic synthesis drawing on global fiscal-consolidation precedents and current U.S. baseline data; a structured validation pass against primary sources (CBO, Treasury, IRS, IMF, OECD, peer-reviewed research, and government reports of the named foreign jurisdictions); and a final compilation pass reconciling the two and applying corrections. A reconciliation log is provided in Appendix F.

The framework is deliberately nonpartisan in tone and structure. It draws on policy mechanisms that have been advanced by analysts and elected officials across the political spectrum. Where particular proposals carry visible partisan associations in current U.S. politics, those associations are noted in the political viability sections and not concealed.

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SECTION 1 — PREAMBLE

The United States enters fiscal year 2026 with debt held by the public near 98 percent of gross domestic product, an FY2025 deficit of approximately $1.8 trillion, and net interest payments of roughly $970 billion — the third-largest item in the federal budget, behind only Social Security and Medicare. Under current law and the Congressional Budget Office's March 2025 long-term projections, debt held by the public is projected to reach 107 percent of GDP by 2029 and 156 percent by 2055. The August 2025 adjusted baseline published by the Committee for a Responsible Federal Budget, incorporating the One Big Beautiful Bill Act enacted in 2025, projects roughly $1 trillion in additional ten-year deficits beyond the prior baseline. None of these figures is contested across mainstream fiscal analysis. The trajectory is the central, unresolved structural problem of U.S. economic policy.

This document presents a framework for arresting and reversing that trajectory over a twenty-year horizon, on terms that protect middle-income households from the costs of consolidation, preserve the institutional capacity of the federal government, and integrate fiscal restoration with the parallel imperatives of climate stability, planetary stewardship, and intergenerational equity. It does so by drawing on the documented experience of sovereign fiscal consolidations in other advanced democracies — Canada in the 1990s, Sweden in the 1990s, Norway across multiple decades — and on policy mechanisms that have been tested at scale in jurisdictions including Germany, Singapore, Finland, New Zealand, British Columbia, and Estonia.

The framework rests on three substantive premises and one methodological premise.

The first substantive premise is that fiscal sustainability and middle-class economic security are not in tension. The historical record of successful consolidations shows that countries which protect household demand and social-insurance functions during fiscal adjustment achieve more durable consolidation than countries which front-load contraction. The framework is engineered around an explicit "hold harmless" mandate for households earning between $40,000 and $150,000 in current dollars: no policy in this framework imposes a net negative fiscal impact on households in that range without a costed, embedded mitigation.

The second premise is that fiscal sustainability and planetary stability are interdependent. Climate-driven costs — disaster response, agricultural disruption, public health, infrastructure replacement, defense and migration pressures — are already materializing as fiscal liabilities, and the rate at which they do so will determine the trajectory of federal expenditure over the coming decades regardless of whether climate policy is pursued explicitly. A fiscal framework that treats climate as an externality outside the budget will be invalidated by the budget itself within twenty years.

The third premise is that fiscal sustainability depends on functional institutions. The historical pattern across the OECD is unambiguous: consolidations that succeed are those undertaken by governments with credible long-horizon planning capacity, independent fiscal analysis, and durable rule-based frameworks. Consolidations attempted by governments that lack those institutional

foundations — Argentina across multiple stabilization episodes, Greece in the 2010s — repeatedly fail. The Foundation Layer of this framework addresses institutional capacity directly.

The methodological premise is that credible fiscal frameworks must be transparent about uncertainty. This document presents best-case, base-case, and stress-case estimates throughout, identifies the conditions under which each scenario obtains, and specifies contingency protocols for adverse developments. The base case is designed to be conservative on revenue assumptions and conventional on growth assumptions; the stress case is designed to be realistic under adverse political and macroeconomic conditions. The framework is intended to be robust across the range, not dependent on the best case.

SECTION 2 — EXECUTIVE SUMMARY

The Strategic Logic

The framework operates on four simultaneous tracks — three operational pillars and an institutional foundation layer — designed to produce approximately $7.1 trillion in base-case net deficit reduction over the conventional ten-year budget window, with compounding effects through Year 20 that bring debt held by the public from near 98 percent of GDP toward approximately 70 percent.

Pillar A — Revenue Optimization (+$5.0 trillion base case). Broadens the federal tax base by closing the IRS-estimated tax gap, aligning corporate taxation with OECD standards, pricing carbon with a household dividend, and modernizing information reporting — without raising marginal rates on labor income below $400,000.

Pillar B — Spending Efficiency (–$3.9 trillion base case). Brings U.S. healthcare unit costs closer to OECD norms through drug-price negotiation and site-neutral payment, modernizes defense procurement, extends Social Security solvency through balanced parametric reform, and reduces improper payments — without cutting benefits that current recipients rely on.

Pillar C — Growth Acceleration (+$2.1 trillion net cost). Invests in infrastructure, clean power, workforce reskilling, universal pre-K, R&D, and strategic manufacturing to raise the growth denominator of the debt-to-GDP ratio. Costs are scored conventionally; dynamic revenue effects are noted qualitatively.

Foundation Layer — Institutional Integrity (–$339 billion net savings). Establishes the Independent Fiscal Council, statutory fiscal rules, long-horizon governance capacity, digital government modernization, and ethics reforms that make a twenty-year plan survivable across administrations.

Twenty-Year Milestone Projections

Indicator	FY2025 Baseline	Year 5	Year 10	Year 20
Debt held by public (% GDP)	~98%	~100%	~92%	~70%
Annual deficit	$1.8T	~$900B	~$400B	Surplus
Net interest (% GDP)	~3.5%	~3.3%	~2.8%	~2.0%
Real GDP growth (annualized)	2.2%	2.0–2.4%	1.9–2.3%	1.8–2.2%
Median middle-class income (indexed)	100	103–106	108–115	118–130
OECD Better Life ranking	Mid-tier	Top 15	Top 10	Top 5

Net GHG emissions vs. 2005	−20%	−35%	−55%	Net zero

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What Success Looks Like for an American Family

Consider a household earning $75,000 in current dollars — approximately the national median. Under the framework's base case, over twenty years that household experiences:

- A carbon-fee dividend of approximately $1,200–$1,800 per year, designed to more than offset energy-price pass-through for most families, with a rural multiplier for higher-cost areas.
- Healthcare premium and out-of-pocket growth running roughly two percentage points below the current-law baseline as drug negotiation and site-neutral payment take hold.
- A federal workforce skills account with a $5,000 opening deposit and $1,000 annual contributions thereafter — portable, individual-directed, modeled on Singapore's SkillsFuture.
- Subsidized early-childhood care worth approximately $8,000–$12,000 per year for households with children under five.
- Social Security and Medicare benefits preserved for current retirees; solvency restored through high-earner contributions and gradual parametric reform for younger workers.
- A cumulative present-value household balance-sheet improvement on the order of $40,000–$70,000 over twenty years, from healthcare, energy, skills, and childcare — not from a tax cut financed with more borrowing.

What Failure Looks Like

- Debt held by the public reaches 156 percent of GDP by 2055 under the CBO long-term outlook.
- Net interest already rivals Social Security and Medicare as a budget item (~$970 billion in FY2025) and is on track to exceed $1.5 trillion in the early 2030s.
- Interest crowds out defense, infrastructure, research, and education at an accelerating rate.
- Credit-rating pressure raises borrowing costs in a self-reinforcing cycle.
- Middle-class real income growth, about 1 percent a year since 2000, slows further as federal borrowing crowds out private investment.
- Climate-related fiscal liabilities — disasters, agriculture, infrastructure, public health — accumulate as unfunded obligations.

The Ask

This framework asks Congress and the executive branch to do three things:

1. **Establish an enhanced Independent Fiscal Council** in the legislative branch, with statutory analytical authority and a mandate for long-horizon scenario reporting. This is the institutional precondition for any twenty-year program.

2. **Enact a phased revenue and efficiency package** (Pillars A and B) through the FY2027 reconciliation process or an equivalent vehicle, beginning with the highest-confidence measures: IRS modernization, prescription-drug negotiation expansion, defense procurement reform, and a border-adjusted carbon fee with dividend.

3. **Authorize Pillar C public investment** through regular-order legislation, sequenced over five to seven years, with explicit sunset and review triggers at Years 5 and 10.

SECTION 3 — CURRENT STATE ANALYSIS

The fiscal position of the United States as of FY2026 is defined by four structural features, each documented by nonpartisan federal sources and reinforced by independent international assessment.

Debt magnitude. Debt held by the public stands near 98 percent of GDP as the United States enters FY2026. CBO's March 2025 long-term projections place it at 107 percent by 2029 and 156 percent by 2055 under current law. The August 2025 adjusted baseline from the Committee for a Responsible Federal Budget, incorporating the One Big Beautiful Bill Act, adds roughly $1 trillion in additional ten-year deficits.

Deficit persistence. The FY2025 deficit is approximately $1.8 trillion. Structural deficits — deficits that persist even at full employment — are projected to remain above 5 percent of GDP through the projection window, a level historically associated with fiscal stress in advanced economies.

Interest burden. Net interest payments of roughly $970 billion in FY2025 are already the third-largest item in the federal budget, behind only Social Security and Medicare. Under CBO projections, net interest is on track to exceed $1.5 trillion annually by the early 2030s, consuming fiscal space that would otherwise be available for investment, defense, or household support.

Tax gap. The IRS estimates a gross tax gap of approximately $696 billion for tax year 2022 — the difference between taxes owed and taxes paid. Closing a meaningful portion of this gap through modernized enforcement, expanded information reporting, and compliance automation represents a substantial revenue source that does not require new rates on wages.

International comparison reinforces the severity. Among G7 economies, only Japan and Italy carry comparable debt-to-GDP ratios, and both operate under substantially different monetary and demographic conditions. The IMF's Article IV staff report for the United States has identified the fiscal trajectory as the principal medium-term risk to U.S. and global economic stability in each of the last three annual reviews.

The trajectory is not a projection of policy failure in any single domain; it is the cumulative result of decades of structural imbalance between revenue and expenditure, compounded by episodic crisis spending (the 2008 financial crisis, the COVID-19 pandemic), demographic transition (the aging of the baby-boom generation into Social Security and Medicare eligibility), and healthcare cost growth substantially above GDP growth. Reversing it requires a multi-domain strategy sustained across multiple administrations — not a single legislative fix.

SECTION 4 — CORE STRATEGY: THREE PILLARS AND A FOUNDATION LAYER

This section presents the substantive policy architecture of the framework. The strategy is organized into three operational pillars and a Foundation Layer, comprising approximately thirty-one policy proposals across the four domains. Each proposal is presented with a description, identified global precedent (where applicable), illustrative ten-year fiscal impact range, implementation timeline, lead agency, middle-class impact assessment, planetary impact assessment, and bipartisan framing.

A methodological note on Pillar C scoring. In adherence with conventional CBO budget-window scoring methodology, which generally excludes macroeconomic feedback effects, the fiscal costs of Pillar C investments are scored conventionally while their growth and revenue-generating effects are noted qualitatively. Independent dynamic-scoring exercises (Penn Wharton Budget Model, Moody's Analytics, Tax Policy Center) consistently find that public investment in infrastructure, education, and clean energy generates positive fiscal feedback over horizons of ten years and longer, and these dynamic effects — while excluded from conservative scoring conventions — are expected to substantially offset the investments' direct costs over the twenty-year horizon. The aggregate net deficit-reduction figure of approximately $7.6 trillion presented below is therefore conservative with respect to Pillar C effects.

A second methodological note on revenue estimates in Pillar A. Several Pillar A proposals — particularly the carbon border adjustment, the high-wealth measures, and the SALT phase-out — generate revenue ranges that are wider and less certain than Pillar B efficiency measures. These ranges reflect both the underlying behavioral elasticities and the political-feasibility uncertainty. Aggregate Pillar A revenue should be understood as a directional estimate within a range of approximately $5.0–$7.5 trillion over ten years, with the base-case figure of $6.27 trillion reflecting central assumptions on each component.

PILLAR A — REVENUE OPTIMIZATION

Pillar A broadens the federal tax base, modernizes enforcement, and aligns U.S. taxation with international standards, without raising marginal rates on labor income below $400,000. The pillar includes ten proposals.

Policy A1 — Corporate Tax Structure Modernization

Description: Restructure the federal corporate income tax to align with OECD Pillar Two minimum standards over a medium-term horizon, including modification of the Global Intangible Low-Taxed Income (GILTI) regime to operate as a country-by-country qualifying minimum tax, limitations on interest deductibility consistent with OECD norms, and tightening of base-erosion provisions.

Global Precedent: OECD Inclusive Framework Pillar Two, with over 140 participating jurisdictions and approximately 60 jurisdictions implementing the 15 percent global minimum corporate tax in 2024–2025.

Fiscal Impact (10-year): Best case +$1.2T; base case +$950B; stress case +$700B. Confidence: Medium.

Timeline: Years 1–3 for domestic GILTI and minimum-tax components; Years 4–7 for full OECD alignment.

Lead Mechanism: Treasury Department; Senate Finance Committee and House Ways and Means Committee.

Middle-Class Impact: Positive (shields labor income from compensating tax increases).

Planetary Impact: Neutral.

Bipartisan Framing: Conservative: Levels the global playing field for U.S. firms competing against companies based in tax havens. Progressive: Ensures large corporations pay a meaningful share of federal taxation.

Policy A2 — Capital Gains and Carried Interest Reform

Description: Tax long-term capital gains and qualified dividends at ordinary income rates for taxpayers with AGI above $1 million, while preserving preferential rates for middle-class investors. Eliminate the carried-interest preference for investment-fund managers.

Global Precedent: Most OECD jurisdictions tax capital gains and labor income at similar rates above high-income thresholds.
Fiscal Impact (10-year): Best case +$450B; base case +$320B; stress case +$200B. Confidence: Medium-High.
Timeline: Years 1–3. **Lead:** Treasury; Senate Finance; House Ways and Means.
Middle-Class Impact: None (threshold above $1M AGI). **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Simplifies the code; reduces distortion. Progressive: Addresses preferential treatment for investment income vs. labor.

Policy A3 — Estate and Intergenerational Transfer Tax Reform

Description: Reduce the estate-tax exemption to approximately $7 million per individual (indexed), reform stepped-up basis for inherited assets above a substantial exclusion, and close valuation-discount loopholes used in estate planning for closely-held entities.

Global Precedent: Most OECD jurisdictions with estate or inheritance taxes operate at lower exemption levels than the current U.S. threshold (~$13.6M per individual).
Fiscal Impact (10-year): Best case +$750B; base case +$550B; stress case +$350B. Confidence: Medium.
Timeline: Years 1–3. **Lead:** Treasury; Senate Finance; House Ways and Means.
Middle-Class Impact: None (threshold well above middle-class wealth levels). **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Small-business and family-farm protections embedded via exemption levels. Progressive: Addresses dynastic wealth concentration.

Policy A4 — IRS Modernization and Tax Gap Enforcement

Description: Sustained multi-year funding for IRS modernization, including technology infrastructure, workforce rebuilding, taxpayer-service improvement, and enhanced enforcement capacity — with statutory guarantees that audit rates for taxpayers below $400,000 AGI will not increase above historical baselines.

Global Precedent: Virtually all advanced OECD tax administrations operate with higher sustained investment in compliance infrastructure than the IRS. Estonia's digital tax administration provides a model for technology-driven compliance at low cost.
Fiscal Impact (10-year): Best case +$700B; base case +$500B; stress case +$300B. Confidence: High.
Timeline: Years 1–10 (sustained). **Lead:** IRS; Treasury; Congressional appropriations committees.
Middle-Class Impact: Neutral (statutory audit-rate guarantee below $400K). **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Enforces existing law rather than creating new taxes; performance metrics

ensure accountability. Progressive: Closes compliance gaps disproportionately concentrated among high-income taxpayers.

Policy A5 — Border-Adjusted Carbon Fee with Household Dividend

Description: A phased carbon fee beginning at $30–$40 per metric ton of CO_2-equivalent, rising by $5–$10 per year, with a border carbon adjustment on imports from jurisdictions without comparable carbon pricing. Revenue is recycled as a per-capita household dividend (approximately $1,200–$1,800 per household per year at maturity), with a rural multiplier for higher-cost areas. Approximately 60–70 percent of revenue is returned as dividend; the remainder funds transition support for affected workers and communities and contributes to net fiscal improvement.

Global Precedent: British Columbia's revenue-neutral carbon tax (2008–present); EU CBAM (phased implementation since 2023); Canada's national carbon pricing with household rebate.
Fiscal Impact (10-year, net to fisc): Best case +$450B; base case +$300B; stress case +$150B. Confidence: Medium.
Timeline: Year 2 enactment; Years 3–20 phase-in. **Lead:** Treasury; EPA; CBP.
Middle-Class Impact: Net positive for households below $120K due to dividend exceeding cost pass-through.
Planetary Impact: Strongly positive.
Bipartisan Framing: Conservative: Market mechanism; border adjustment as anti-China industrial policy; dividend as direct benefit. Progressive: Climate action with progressive distribution and worker transition support.

Policy A6 — Land Value Tax Federal Incentive

Description: Federal incentive structure encouraging state and local adoption of land-value taxation (taxing land value rather than improvements), through conditional federal grants and technical assistance. Includes a federal pilot program for land-value taxation on federal properties in designated zones.

Global Precedent: Denmark, Estonia, Singapore, and parts of Australia and Pennsylvania operate forms of land-value taxation with documented effects on housing affordability and efficient land use.
Fiscal Impact (10-year): Best case +$250B; base case +$150B; stress case +$75B. Confidence: Low-Medium.
Timeline: Years 3–15. **Lead:** Treasury; HUD; state/local partnerships.
Middle-Class Impact: Neutral to positive (reduces speculative land-price inflation; housing affordability benefits). **Planetary Impact:** Positive (encourages efficient land use; reduces sprawl).
Bipartisan Framing: Conservative: Taxes unproductive land holding rather than productive investment. Progressive: Addresses housing affordability and speculative wealth.

Policy A7 — High-Wealth Compliance and Reporting Enhancement

Description: Enhanced reporting requirements for high-net-worth individuals and complex entities, including expanded beneficial-ownership reporting, mark-to-market reporting for liquid assets above substantial thresholds, and international information-exchange agreements.

Global Precedent: OECD Common Reporting Standard; EU Anti-Tax Avoidance Directives; UK unexplained wealth orders.
Fiscal Impact (10-year): Best case +$350B; base case +$200B; stress case +$100B. Confidence: Medium.
Timeline: Years 2–7. **Lead:** Treasury; IRS; FinCEN.
Middle-Class Impact: None (thresholds well above middle-class asset levels). **Planetary Impact:** Neutral.

Bipartisan Framing: Conservative: Enforces existing law; levels the playing field. Progressive: Addresses compliance gaps concentrated among the wealthiest.

Policy A8 — Financial Transactions Fee

Description: A modest fee on securities transactions (equities, bonds, derivatives) at rates calibrated to minimize market-structure disruption (illustratively 0.1 percent on equities, 0.01 percent on derivatives notional value), with exemptions for retirement accounts and small-investor thresholds.

Global Precedent: The United Kingdom has operated a stamp duty on equity transactions at 0.5 percent since 1986 without documented adverse effects on London's competitiveness as a financial center. The EU has debated a financial transactions tax for over a decade; several member states operate national versions.
Fiscal Impact (10-year): Best case +$800B; base case +$600B; stress case +$350B. Confidence: Low-Medium.
Timeline: Years 2–5. **Lead:** Treasury; SEC.
Middle-Class Impact: Neutral (retirement-account carve-out embedded). **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Reduces high-frequency trading volatility. Progressive: Financial sector contributes to fiscal restoration.

Policy A9 — Tax Expenditure Restructuring

Description: Systematic review and restructuring of the approximately $1.8 trillion in annual federal tax expenditures, beginning with the most regressive and least effective provisions. Includes long-term phase-down of the SALT deduction (10–15 year transition with regional block grants) and restructuring of mortgage-interest and employer health-insurance exclusions.

Global Precedent: Most OECD jurisdictions operate with substantially smaller tax-expenditure portfolios than the United States.
Fiscal Impact (10-year): Best case +$400B; base case +$250B; stress case +$150B. Confidence: Medium.
Timeline: Years 3–15 (extended phase-ins). **Lead:** Treasury; JCT; Congressional tax committees.
Middle-Class Impact: Mixed. SALT phase-down negative for upper-middle-class in high-tax states; mitigated by extended phase-in and block grants. **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Simplifies the code; reduces government intervention in markets. Progressive: Redirects regressive subsidies toward more progressive uses.

Policy A10 — Enhanced Withholding and Information Reporting

Description: Extend 1099-style reporting to gig-economy platforms, rental income, and digital-asset transactions; modernize compliance automation; expand real-time information matching between IRS and financial institutions.

Global Precedent: Standard in most OECD jurisdictions; Australia and Nordic countries operate near-universal information reporting with high compliance rates.
Fiscal Impact (10-year): Best case +$1.5T; base case +$1.2T; stress case +$900B. Confidence: Medium-High.
Timeline: Years 2–6. **Lead:** Treasury; IRS.
Middle-Class Impact: Positive on average (fairer distribution of compliance burden). **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Reduces burden on compliant taxpayers via automation. Progressive: Addresses underpayment concentrated among high earners and complex entities.

Pillar A Aggregate Summary

Proposal	Base-Case 10-Year Fiscal Impact	Confidence
A1 — Corporate tax modernization	+$950B	Medium
A2 — Capital gains / carried interest	+$320B	Medium-High
A3 — Estate and transfer tax	+$550B	Medium
A4 — IRS modernization	+$500B	High
A5 — Carbon fee (net to fisc)	+$300B	Medium
A6 — Land-value tax incentives	+$150B	Low-Medium
A7 — High-wealth reporting	+$200B	Medium
A8 — Financial transactions fee	+$600B	Low-Medium
A9 — Tax expenditure restructuring	+$250B	Medium
A10 — Information reporting expansion	+$1,200B	Medium-High
PILLAR A TOTAL (base case)	**+$5,020B**	**Range $3.7T–$6.8T**

PILLAR B — SPENDING EFFICIENCY

Pillar B restructures federal expenditure to bring U.S. unit costs closer to OECD norms in healthcare, modernizes defense procurement, addresses waste and duplication in federal program administration, and extends Social Security solvency through balanced parametric reform. The pillar deliberately avoids reductions in benefit access for current beneficiaries.

Policy B1 — Social Security Solvency Extension

Description: A balanced solvency package combining (a) gradual elimination of the Social Security taxable maximum (currently $168,600 in 2024, indexed) over a ten-year phase-in, applying payroll tax to all earnings; (b) modest benefit-formula adjustment for the highest pre-retirement earnings quintile, preserving full benefits for the bottom four quintiles; (c) gradual indexed increase in the full retirement age from 67 to 68 over a thirty-year phase-in, applying only to workers currently under age 50; (d) shift to chained CPI for cost-of-living adjustments with a minimum benefit guarantee for low-income beneficiaries.

> **Global Precedent:** Sweden's notional defined-contribution pension reform (1994–1998); UK's gradual state-pension-age increases.
> **Fiscal Impact (10-year):** −$900B; 75-year impact restores trust fund solvency. Confidence: High.
> **Timeline:** Year 1 enactment; Years 2–11 taxable-maximum phase-in; Years 5–35 retirement-age adjustment.
> **Middle-Class Impact:** Neutral to slightly positive for current retirees; slightly negative for high-income workers under 50.
> **Bipartisan Framing:** Conservative: Restores solvency without general-fund subsidies. Progressive: High earners contribute on full earnings; minimum-benefit floor preserved.

Policy B2 — Medicare Cost Containment Through Site-Neutral Payment

Description: Implement site-neutral payment for Medicare services that can be safely provided in lower-cost settings, eliminating the differential that currently pays hospital-owned outpatient facilities substantially more than independent clinics for identical services.

> **Global Precedent:** Most OECD healthcare systems do not embed analogous site-of-service payment differentials. MedPAC has repeatedly recommended this reform.
> **Fiscal Impact (10-year):** Best case −$900B; base case −$750B; stress case −$500B. Confidence: Medium-High.
> **Timeline:** Years 1–5. **Lead:** CMS; MedPAC; Senate Finance; House Ways and Means; House Energy and Commerce.
> **Middle-Class Impact:** Positive (lower out-of-pocket costs). **Planetary Impact:** Neutral.
> **Bipartisan Framing:** Conservative: Eliminates a government-created market distortion. Progressive: Reduces healthcare costs for seniors.

Policy B3 — Prescription Drug Price Negotiation Expansion

Description: Expand Medicare drug-price negotiation authority beyond the IRA's initial scope: increase the number of drugs subject to negotiation, accelerate the timeline, extend negotiation to commercial insurance through a reference-pricing mechanism, and implement an international reference-pricing backstop based on OECD median prices.

Global Precedent: Germany's AMNOG framework; UK NICE; Canadian PMPRB; Australia's PBS. All achieve substantially lower drug prices without documented adverse effects on pharmaceutical innovation at the global level.
Fiscal Impact (10-year): Best case −$900B; base case −$650B; stress case −$400B. Confidence: Medium.
Timeline: Years 1–7. **Lead:** CMS; HHS.
Middle-Class Impact: Strongly positive (direct reduction in out-of-pocket and premium costs).
Bipartisan Framing: Conservative: Market-based reference pricing; IRA precedent already enacted. Progressive: Expands access and reduces costs.

Policy B4 — Defense Procurement Reform

Description: Comprehensive reform of defense acquisition to reduce cost overruns, accelerate deployment of proven technologies, expand competitive procurement, and implement performance-based contracting. Includes reform of the Major Defense Acquisition Program process and expansion of GAO oversight authority.

Global Precedent: Australia's defence acquisition reform; UK Ministry of Defence procurement modernization; documented U.S. GAO findings on cost overruns averaging 25–50% on major programs.
Fiscal Impact (10-year): Best case −$700B; base case −$500B; stress case −$300B. Confidence: Medium.
Timeline: Years 1–10. **Lead:** DoD; GAO; Senate and House Armed Services Committees.
Middle-Class Impact: Neutral (preserves military capability; redirects savings). **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Strengthens defense by reducing waste. Progressive: Redirects savings to productive investment.

Policy B5 — Federal Agency Consolidation and Program Review

Description: Systematic program review and consolidation of duplicative programs across the federal government, modeled on Canada's Program Review (1994–1998) which achieved 20% non-interest spending reduction over four years while protecting core services.

Fiscal Impact (10-year): Base case −$250B. Confidence: Medium.

Timeline: Years 2–10. **Lead:** OMB; GAO.

Middle-Class Impact: Neutral (services preserved; efficiency improved). **Planetary Impact:** Neutral.

Bipartisan Framing: Conservative: Smaller, more efficient government. Progressive: Better service delivery with fewer redundancies.

Policy B6 — Higher Education Subsidy Restructuring

Description: Implement institutional accountability mechanisms tying federal student-aid eligibility to demonstrated graduate outcomes (employment rates, earnings, loan-repayment rates); expand income-driven repayment with automatic enrollment; restructure graduate and professional program subsidies where returns to the public are not demonstrated.

Global Precedent: Australia's HECS-HELP income-contingent repayment system; UK's income-contingent student loan framework.
Fiscal Impact (10-year): Base case −$200B. Confidence: Medium.
Timeline: Years 2–7. **Lead:** Department of Education; Senate HELP Committee; House Education and the Workforce Committee.
Middle-Class Impact: Mixed (improved outcomes for most students; some institutions face pressure).
Planetary Impact: Neutral.

Bipartisan Framing: Conservative: Institutional accountability; market discipline for higher education. Progressive: Protects students from predatory institutions; expands income-driven repayment.

Policy B7 — Means-Testing Refinement for High-Income Beneficiaries

Description: Extend income-related premium adjustments for Medicare Parts B and D to a broader range of high-income beneficiaries; refine agricultural subsidy targeting to reduce payments to high-income farm operations; adjust federal employee benefit structures for senior executive-level compensation.

Fiscal Impact (10-year): Base case −$180B. Confidence: Medium.
Timeline: Years 2–5. **Lead:** CMS; USDA; OPM.
Middle-Class Impact: Neutral (thresholds set above middle-class income levels). **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Ensures benefits flow to those who need them most. Progressive: Redirects savings to strengthen programs for lower-income beneficiaries.

Policy B8 — Federal Real Estate and Asset Management Rationalization

Description: Accelerate the disposition of underutilized federal properties; modernize federal leasing practices; implement portfolio-management approach to the federal real-estate footprint, informed by post-pandemic telework patterns.

Global Precedent: UK Government Property Agency; Australia's Commonwealth Property Management Framework.
Fiscal Impact (10-year): Base case −$100B. Confidence: Medium.
Timeline: Years 1–10 (executive action available without legislation). **Lead:** GSA; OMB.
Middle-Class Impact: Neutral. **Planetary Impact:** Modestly positive (reduced energy consumption in unused facilities).
Bipartisan Framing: Conservative: Government should not hold unused property. Progressive: Freed assets can serve community needs.

Policy B9 — Criminal Justice Reform and Federal Corrections Modernization

Description: Reform federal sentencing for nonviolent offenses; expand evidence-based reentry programming; modernize federal Bureau of Prisons facilities and operations; incentivize state-level adoption of evidence-based practices through federal grant conditioning.

Global Precedent: Norway's correctional system (approximately 20% reconviction within two years vs. U.S. federal ~39% rearrest within three years). Within the U.S., New York operates at approximately 19% reincarceration, demonstrating feasibility.
Fiscal Impact (10-year): Best case −$120B; base case −$80B; stress case −$40B. Confidence: Medium.
Timeline: Years 1–10. **Lead:** DOJ; Bureau of Prisons; Senate and House Judiciary Committees.
Middle-Class Impact: Positive in affected communities. **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Fiscal discipline and public-safety effectiveness. Progressive: Addresses documented inequities. The First Step Act (2018) provides bipartisan precedent.

Policy B10 — Improper Payment Reduction

Description: Federal-wide initiative to reduce improper payments (overpayments, payments to ineligible recipients, payments for goods or services not received) across major program areas including Medicare, Medicaid, EITC, unemployment insurance, and federal procurement. Includes investment in payment-integrity infrastructure, data-matching, and beneficiary-verification modernization.

Global Precedent: OECD Public Procurement and Public Integrity standards; UK Government Counter Fraud Function (established 2019).
Fiscal Impact (10-year): Best case −$450B; base case −$300B; stress case −$150B. Confidence: Medium.
Timeline: Years 1–10 (sustained). **Lead:** OMB; GAO; individual program agencies.
Middle-Class Impact: Neutral to positive (program integrity preserves benefits for eligible recipients). **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Eliminates government waste and fraud. Progressive: Protects program integrity for beneficiaries who depend on these programs.

Pillar B Aggregate Summary

Proposal	Base-Case 10-Year Impact	Confidence
B1 — Social Security solvency	−$900B	High
B2 — Medicare site-neutral payment	−$750B	Medium-High
B3 — Drug price negotiation expansion	−$650B	Medium
B4 — Defense procurement reform	−$500B	Medium
B5 — Agency consolidation	−$250B	Medium
B6 — Higher education restructuring	−$200B	Medium
B7 — Means-testing refinement	−$180B	Medium
B8 — Federal real estate	−$100B	Medium
B9 — Criminal justice reform	−$80B	Medium
B10 — Improper payment reduction	−$300B	Medium
PILLAR B TOTAL (base case)	**−$3,910B**	**Range −$2.5T to −$5.0T**

PILLAR C — GROWTH ACCELERATION

Pillar C invests in productive capacity to raise the denominator of the debt-to-GDP ratio and generate compounding revenue effects over the twenty-year horizon. As noted in the methodological introduction, Pillar C costs are scored under conservative conventions while dynamic revenue effects are noted qualitatively. The pillar comprises eight proposals.

Policy C1 — National Infrastructure Modernization

Description: Sustained federal investment in transportation, water, energy transmission, broadband, and resilience infrastructure, prioritized through evidence-based benefit-cost screening. Includes acceleration of permitting reform and expanded use of public-private partnership architecture.

Global Precedent: EU Connecting Europe Facility; ASCE infrastructure report cards document U.S. infrastructure-deficit costs.
Fiscal Cost (10-year): Base case +$500B (cost). Dynamic multipliers of 1.5–2.0 suggest substantial revenue offset.
Timeline: Years 1–10. **Lead:** DoT; DoE; EPA; Army Corps of Engineers.
Middle-Class Impact: Positive (employment, reduced commute and utility costs). **Planetary Impact:** Variable; positive for resilience and clean-energy components.
Bipartisan Framing: Broadly bipartisan; IIJA (2021) provides recent precedent.

Policy C2 — Clean Power and Grid Modernization

Description: Sustained federal investment in transmission infrastructure, grid modernization, energy storage, and accelerated permitting for clean-energy projects. Includes reform of FERC processes to accelerate interregional transmission planning.

Global Precedent: Denmark's wind-energy transition (50%+ renewable share); Germany's Energiewende (cautionary on grid investment sequencing).
Fiscal Cost (10-year): Base case +$450B (cost). Dynamic effects include energy-cost reduction and industrial competitiveness.
Timeline: Years 1–15. **Lead:** DoE; FERC.
Middle-Class Impact: Positive (lower long-run energy costs). **Planetary Impact:** Strongly positive.
Bipartisan Framing: Conservative: Energy security and grid reliability. Progressive: Climate action and clean-energy jobs.

Policy C3 — Workforce Reskilling and Lifelong Learning

Description: Establish a federal workforce skills account for every working-age American — a $5,000 opening deposit with $1,000 annual contributions, portable and individual-directed, usable for credentialed training, apprenticeships, and continuing education. Modeled on Singapore's SkillsFuture.

Global Precedent: Singapore SkillsFuture; France Compte Personnel de Formation; Denmark flexicurity model.
Fiscal Cost (10-year): Base case +$500B (cost). Dynamic effects: higher productivity, labor-force participation, earnings, and tax revenue.
Timeline: Years 2–10. **Lead:** Department of Labor; Department of Education.
Middle-Class Impact: Strongly positive (direct benefit of $5,000+$1,000/year per worker). **Planetary Impact:**

Positive (green-skills component).
Bipartisan Framing: Conservative: Individual-directed; market-responsive. Progressive: Universal access; portable safety net.

Policy C4 — Universal Pre-K and Early Childhood Investment

Description: Federal-state partnership to provide universal pre-kindergarten for all three- and four-year-olds, with expanded subsidized childcare for children under three in families below 200% of federal poverty level. Quality standards modeled on high-performing state programs.

Global Precedent: Finland, France, and Denmark operate universal or near-universal early-childhood systems with documented positive effects on child outcomes and parental labor-force participation. The Heckman Equation documents 7–13% annual return on investment for high-quality early-childhood programs.
Fiscal Cost (10-year): Base case +$450B (cost). Dynamic effects: Heckman-equation returns of 7–13% annually compound over decades.
Timeline: Years 3–10. **Lead:** HHS; Department of Education.
Middle-Class Impact: Strongly positive ($8,000–$12,000/year savings for families with children under 5). **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Parental labor-force participation; long-run fiscal return. Progressive: Equity in early opportunity; reduces child poverty.

Policy C5 — Skills-Based Immigration Reform

Description: Restructure the immigration system to increase skills-based admission, expand H-1B and equivalent visa categories for STEM and critical-sector workers, create a startup visa for entrepreneurs, and streamline green-card processing for high-skilled immigrants already in the country. Includes expanded pathways for international students graduating from U.S. universities.

Global Precedent: Canada's Express Entry points-based system; Australia's skilled migration program.
Fiscal Impact (10-year): Base case −$350B (net revenue from higher-income taxpayers). Confidence: Medium.
Timeline: Years 2–5. **Lead:** DHS; USCIS; Department of State; Department of Labor.
Middle-Class Impact: Mixed (labor-market competition in some sectors; overall GDP growth benefits).
Planetary Impact: Neutral.
Bipartisan Framing: Conservative: Economic competitiveness; merit-based selection. Progressive: Pathway expansion; humanitarian considerations addressed separately.

Policy C6 — R&D Investment and Innovation Infrastructure

Description: Sustained federal investment in basic and applied research through NSF, NIH, DOE, and DARPA; expansion of CHIPS Act research-and-development components; establishment of regional innovation hubs to distribute research capacity beyond traditional coastal concentrations.

Global Precedent: Israel and South Korea sustain R&D expenditure at 4–5% of GDP (vs. U.S. ~3.5% including private sector). EU Horizon Europe provides coordinated research-investment architecture.
Fiscal Cost (10-year): Base case +$75B (cost). Dynamic effects: sustained R&D investment has documented long-run fiscal returns of 2–4x.
Timeline: Years 1–20 (sustained). **Lead:** NSF; NIH; DOE; DARPA; OSTP.
Middle-Class Impact: Positive (job creation in research sectors; technology diffusion benefits). **Planetary Impact:** Positive (clean-energy and climate-adaptation research).

Bipartisan Framing: Conservative: National competitiveness; defense applications. Progressive: Public investment in knowledge economy.

Policy C7 — Small Business and Entrepreneurship Support

Description: Expand SBA lending programs; simplify regulatory compliance for small businesses; create a federal small-business digital-infrastructure program providing subsidized access to cloud computing, cybersecurity, and digital-commerce tools; expand the Small Business Innovation Research (SBIR) program.

Fiscal Cost (10-year): Base case +$100B (cost). Dynamic effects: small-business formation is the primary driver of net job creation in the U.S. economy.
Timeline: Years 1–10. **Lead:** SBA; Commerce Department.
Middle-Class Impact: Strongly positive (direct support for small-business formation and growth). **Planetary Impact:** Neutral to positive.
Bipartisan Framing: Conservative: Free enterprise; reducing regulatory burden. Progressive: Democratizing access to capital and technology.

Policy C8 — Strategic Manufacturing and Supply Chain Resilience

Description: Sustained federal investment in domestic manufacturing capacity for strategic sectors (semiconductors, batteries, critical minerals, biotechnology, advanced materials), building on the CHIPS Act and IRA frameworks. Includes workforce-development components targeted at manufacturing regions and friend-shoring coordination with allied jurisdictions.

Global Precedent: Germany's Mittelstand support architecture; Japan's economic-security legislation; EU Strategic Autonomy framework.
Fiscal Cost (10-year): Base case +$400B (cost). Dynamic effects: manufacturing multipliers of 1.5–2.5; supply-chain resilience reduces future crisis costs.
Timeline: Years 1–15. **Lead:** Commerce Department; DoD; DoE.
Middle-Class Impact: Strongly positive (manufacturing jobs; regional economic development). **Planetary Impact:** Variable (positive for clean-energy manufacturing; requires environmental standards for traditional manufacturing).
Bipartisan Framing: Conservative: National security; economic sovereignty. Progressive: Good jobs; industrial policy for the future.

Pillar C Aggregate Summary

Proposal	Base-Case 10-Year Fiscal Impact	Confidence
C1 — Infrastructure modernization	+$500B (cost)	High
C2 — Clean power and grid	+$450B (cost)	Medium-High
C3 — Workforce reskilling	+$500B (cost)	Medium
C4 — Universal pre-K / early childhood	+$450B (cost)	High

Proposal	Base-Case 10-Year Fiscal Impact	Confidence
C5 — Skills-based immigration	−$350B (revenue)	Medium
C6 — R&D investment	+$75B (cost)	High
C7 — Small business support	+$100B (cost)	Medium
C8 — Strategic manufacturing	+$400B (cost)	Medium
PILLAR C TOTAL (base case, net cost)	**+$2,125B**	**Range +$1.5T to +$2.8T**

FOUNDATION LAYER — INSTITUTIONAL INTEGRITY AND DEMOCRATIC GOVERNANCE

The Foundation Layer comprises six proposals establishing the institutional architecture without which the substantive pillars cannot be sustained across multiple administrations. These proposals are largely budget-neutral or modestly cost-positive in direct fiscal terms; their contribution to the framework lies in the durability they provide to the substantive measures.

Policy F1 — Independent Fiscal Council

Description: Establish an enhanced Independent Fiscal Council (IFC) in the legislative branch, modeled on the Congressional Budget Office but with expanded authority for long-horizon scenario analysis (30- and 50-year projections), mandatory review of major spending and revenue legislation, and public reporting on fiscal-trajectory status. The IFC would operate with statutory independence comparable to the Federal Reserve's analytical independence.

Global Precedent: Sweden's Fiscal Policy Council; Netherlands Bureau for Economic Policy Analysis; UK Office for Budget Responsibility; Australia's Parliamentary Budget Office.
Fiscal Impact (10-year): +$3B (cost). Indirect effects: improved fiscal discipline across all pillars.
Timeline: Year 1 enactment. **Lead:** Congressional action; legislative branch.
Middle-Class Impact: Positive (institutional safeguard against fiscal mismanagement). **Planetary Impact:** Positive (long-horizon analysis includes climate-fiscal integration).
Bipartisan Framing: Conservative: Fiscal discipline and transparency. Progressive: Evidence-based policymaking; protection against ideological budgeting.

Policy F2 — Statutory Fiscal Rules Framework

Description: Establish statutory medium-term fiscal targets (debt-to-GDP trajectory, structural deficit limits) with explicit emergency-exception clauses, automatic stabilizers tied to economic conditions, and mandatory mid-course review at Years 5, 7, 10, and 15. Includes sunset provisions requiring affirmative reauthorization.

Global Precedent: Germany's Schuldenbremse (debt brake); Switzerland's debt brake; Sweden's fiscal framework with surplus target and expenditure ceiling.
Fiscal Impact (10-year): −$200B (indirect savings from improved fiscal discipline). Confidence: Low-Medium.
Timeline: Year 1 enactment. **Lead:** Senate Budget; House Budget; OMB.
Middle-Class Impact: Positive (constrains future fiscal deterioration). **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Constitutional-style fiscal discipline. Progressive: Protects investments from future austerity-driven cuts.

Policy F3 — Long-Horizon Governance Office

Description: Establish a Long-Horizon Policy Office within the executive branch, responsible for thirty- and fifty-year scenario planning across fiscal, demographic, climate, technology, and geopolitical domains. Modeled on Finland's Committee for the Future and Singapore's Centre for Strategic Futures.

Fiscal Impact (10-year): +$2B (cost). **Timeline:** Year 1. **Lead:** Executive Office of the President; OMB.
Middle-Class Impact: Neutral directly. **Planetary Impact:** Positive (institutionalizes long-horizon environmental analysis).
Bipartisan Framing: Conservative: Strategic planning for national competitiveness. Progressive: Intergenerational responsibility.

Policy F4 — Digital Governance Modernization

Description: Comprehensive modernization of federal IT infrastructure, digital service delivery, and data-sharing across agencies. Includes replacement of legacy systems, expansion of digital identity infrastructure, and AI-assisted program administration where appropriate with human oversight.

Global Precedent: Estonia's digital governance (e-Residency, X-Road interoperability); Singapore's Smart Nation; Denmark's digital-first government services.
Fiscal Impact (10-year): −$150B (net savings after upfront investment). Confidence: Medium.
Timeline: Years 1–10. **Lead:** OMB; GSA; USDS; CISA.
Middle-Class Impact: Positive (improved government service delivery). **Planetary Impact:** Modestly positive (reduced paper and physical infrastructure).
Bipartisan Framing: Conservative: Government efficiency; reduced bureaucracy. Progressive: Better service delivery; equitable access.

Policy F5 — Ethics and Anti-Corruption Modernization

Description: Modernize federal ethics rules including financial-disclosure requirements, revolving-door restrictions, lobbying transparency, and campaign-finance disclosure. Strengthen enforcement capacity of the Office of Government Ethics.

Fiscal Impact (10-year): +$4B (cost). **Timeline:** Years 1–3. **Lead:** OGE; DOJ; Congressional ethics committees.
Middle-Class Impact: Positive (institutional trust). **Planetary Impact:** Neutral.
Bipartisan Framing: Conservative: Government accountability. Progressive: Anti-corruption and transparency.

Policy F6 — Intergenerational Equity Framework

Description: Establish a statutory intergenerational equity assessment requirement for major legislation, modeled on Wales's Well-being of Future Generations Act (2015). Requires that major spending and revenue legislation include an assessment of effects on future generations, with IFC review authority.

Global Precedent: Wales Well-being of Future Generations Act; Hungary's Parliamentary Commissioner for Future Generations; Finland's Committee for the Future.
Fiscal Impact (10-year): +$2B (cost). **Timeline:** Year 1 enactment. **Lead:** Congressional action.
Middle-Class Impact: Neutral directly. **Planetary Impact:** Positive (institutionalizes long-horizon environmental analysis).

Bipartisan Framing: Broadly bipartisan when framed as procedural rather than substantive.

Foundation Layer Aggregate Summary

Proposal	Base-Case 10-Year Impact	Confidence
F1 — Independent Fiscal Council	+$3B (cost)	High
F2 — Fiscal rules framework	−$200B (savings, indirect)	Low-Medium
F3 — Long-horizon governance	+$2B (cost)	High
F4 — Digital governance modernization	−$150B (net savings)	Medium
F5 — Ethics modernization	+$4B (cost)	High
F6 — Intergenerational equity framework	+$2B (cost)	High
FOUNDATION TOTAL (base case)	**−$339B (net savings)**	**Range −$100B to −$500B**

COMBINED STRATEGY TOTALS

Pillar	Best-Case 10-Year	Base-Case 10-Year	Stress-Case 10-Year
Pillar A — Revenue	+$6,500B	+$5,020B	+$3,650B
Pillar B — Efficiency	−$5,000B	−$3,910B	−$2,540B
Pillar C — Growth (net cost)	+$1,500B	+$2,125B	+$2,800B
Foundation Layer	−$500B	−$339B	−$100B
NET 10-YEAR DEFICIT REDUCTION	**~$10.5T**	**~$7.1T**	**~$3.5T**

Negative values for efficiency and the foundation layer are savings. Pillar C is a net cost before dynamic growth effects, which are excluded from conventional scoring.

SECTION 5 — MIDDLE-CLASS IMPACT ANALYSIS

The framework operates under an explicit "hold harmless" mandate for households earning between $40,000 and $150,000 in current dollars: no policy in this framework imposes a net negative fiscal impact on households in that income range without a costed, embedded mitigation. This section presents the structured impact assessment that operationalizes that mandate, evaluating each major proposal across four dimensions and three income segments.

5.1 — Methodological Framework

The analysis applies the following income-segment definitions, derived from Census Bureau household-income data (2024 ACS):

- **Working-class households:** $40,000–$75,000 (approximately the 25th to 50th percentiles)
- **Middle-class households:** $75,000–$120,000 (approximately the 50th to 75th percentiles)
- **Upper-middle-class households:** $120,000–$150,000 (approximately the 75th to 80th percentiles)

The analysis evaluates each policy across four dimensions:

1. **Net household income effect** — direct dollar impact per household segment, including phase-in timing
2. **Cost-of-living sensitivity** — exposure to inflation pass-through, housing market effects, healthcare cost trajectory, and energy/food price implications
3. **Job stability and labor market effects** — sector-specific displacement risk and new opportunity creation
4. **Wealth-building pathways** — retirement security, homeownership, small business formation, and intergenerational wealth transfer effects

For any policy with net negative middle-class impact, a costed mitigation is specified.

5.2 — Pillar A Middle-Class Impact

Pillar A revenue measures are largely structured to apply above the middle-class income range, particularly for the components addressing capital gains, estate taxation, high-wealth compliance, and SALT phase-down. The carbon fee (Policy A5) is the principal Pillar A measure with direct middle-class exposure; its design includes an explicit dividend mechanism intended to produce net-positive household effects across most of the income distribution.

Pillar A Policy	$40K–$75K Effect	$75K–$120K Effect	$120K–$150K Effect	Mitigation
A1 — Corporate tax	Indirect; modest	Indirect; modest	Indirect; modest	None
A2 — Capital gains (>$1M AGI)	None	None	None	None
A3 — Estate (>$7M)	None	None	None	None
A4 — IRS modernization	Neutral	Neutral	Neutral	None
A5 — Carbon fee + dividend	+$300 to +$900/yr	+$100 to +$500/yr	−$50 to +$200/yr	Rural multiplier; transition support
A6 — Land value tax	Neutral to positive	Neutral to positive	Neutral	None
A7 — High-wealth reporting	None	None	None	None
A8 — Financial transactions fee	Neutral	Neutral	Neutral	Retirement carve-out
A9 — SALT phase-down	Neutral	Modest negative (high-tax states)	Negative (high-tax states)	10–15 yr phase-in; block grants
A10 — Information reporting	Neutral to positive	Neutral to positive	Neutral	None

The net effect of Pillar A on middle-class households is modestly positive on average across the income distribution, with the carbon-fee dividend providing the largest single positive component.

5.3 — Pillar B Middle-Class Impact

Pillar B efficiency measures generate the most directly positive middle-class effects of any pillar. Healthcare cost containment (B2, B3) flows through to household budgets as reduced premiums and out-of-pocket costs. Social Security solvency (B1) removes the risk of automatic benefit cuts under trust-fund exhaustion. Defense procurement reform (B4) and agency consolidation (B5) are budget-neutral to households.

The net effect of Pillar B on middle-class households is positive across all three income segments, with the largest benefits concentrated in healthcare cost reduction.

5.4 — Pillar C Middle-Class Impact

Pillar C growth investments provide the strongest positive middle-class effects of any pillar on a twenty-year horizon. Universal pre-K (C4) generates estimated savings of $8,000–$15,000 annually for families with children under five. Workforce skills accounts (C3) provide $5,000 opening deposits plus $1,000 annual contributions. Infrastructure investment (C1) generates direct construction employment and broader productivity benefits. Small-business support (C7) and strategic manufacturing (C8) create employment in middle-class occupations.

5.5 — Aggregate Middle-Class Impact Scorecard

The cumulative twenty-year present-value benefit to middle-class households under the framework's base case:

Income Segment	20-Year Present-Value Benefit (Base Case)
Working class ($40K–$75K)	$50,000–$90,000
Middle class ($75K–$120K)	$40,000–$70,000
Upper-middle class ($120K–$150K)	$20,000–$45,000

5.6 — Demographic and Regional Considerations

Rural communities: Carbon-fee rural multiplier, broadband infrastructure investment (C1), and agricultural-subsidy reform (B7) are designed to produce net-positive effects in rural areas. The carbon dividend with rural multiplier specifically addresses higher energy-cost exposure in rural households.

Manufacturing regions: Strategic manufacturing investment (C8), border-adjusted carbon fee (A5 as anti-competitive-imports mechanism), and workforce reskilling (C3) target regions with manufacturing-dependent economies.

Communities of color: Universal pre-K (C4), criminal-justice reform (B9), workforce skills accounts (C3), and small-business support (C7) address documented disparities in early-childhood access, incarceration rates, workforce training, and access to capital.

Aging populations: Social Security solvency (B1), Medicare cost containment (B2, B3), and healthcare-cost reduction benefit current and near-term retirees directly.

5.7 — Trade-offs Acknowledged

The framework explicitly acknowledges three areas where middle-class households in specific circumstances experience negative effects that require mitigation:

1. **SALT phase-down (A9):** Upper-middle-class residents of high-tax states (New York, New Jersey, California, Connecticut, Illinois) face increased federal tax liability. Mitigation: 10–15 year phase-in period; regional federal block grants for transition.
2. **Social Security formula adjustment (B1):** High-earning workers under age 50 face modestly reduced future benefits relative to current-law promises. Mitigation: Benefits preserved for bottom four quintiles; minimum-benefit floor for low-income beneficiaries.

Federal workforce displacement (B5): Agency consolidation may result in displacement for specific segments of the federal workforce. Mitigation: Transition support, reskilling through C3, and natural attrition prioritization.

SECTION 6 — WELL-BEING AND QUALITY-OF-LIFE FRAMEWORK

This section addresses the framework's integration of well-being and quality-of-life metrics alongside conventional fiscal indicators. The premise is straightforward: a fiscal-restoration program that achieves debt stabilization while degrading the quality of life experienced by Americans is neither sustainable politically nor desirable substantively. Conversely, a program that improves measurable well-being while restoring fiscal balance has substantial political durability across electoral cycles.

6.1 — Measurement Architecture

The composite well-being measurement framework draws on the following established sources:

OECD Better Life Index — The OECD's eleven-dimension framework (housing, income, jobs, community, education, environment, civic engagement, health, life satisfaction, safety, work-life balance) provides the most established cross-national well-being framework, with consistent methodology across forty-plus jurisdictions and over a decade of comparable data. The United States ranked in the middle tier of OECD countries on the composite measure as of the most recent assessment, with relative strengths in income and jobs and relative weaknesses in work-life balance, civic engagement, and health.

World Happiness Report (Cantril Ladder methodology) — The annual report provides a single life-satisfaction measure for over 150 countries. The United States has declined from approximately 11th globally in the early 2010s to 23rd in the most recent report, with the decline concentrated in younger age cohorts.

CDC Social Determinants of Health framework — Integrates economic stability, education access, healthcare access, neighborhood and built environment, and social and community context as predictors of population health outcomes.

Gallup-Sharecare Well-Being Index — A five-element framework (purpose, social, financial, community, physical) operating in the United States since 2008, providing state-level and metro-level data.

Bhutan Gross National Happiness Index — A nine-domain framework providing a non-GDP measurement architecture with substantial methodological development since the 1970s.

Genuine Progress Indicator — A GDP-supplementary measure incorporating environmental costs, household and volunteer work, income distribution, and other adjustments. Several U.S. states (Maryland, Vermont) operate GPI calculations.

The composite well-being measurement framework proposed for federal use integrates these sources into a single annually published index, with subdomain tracking enabling identification of specific policy effects. Methodology is presented in Appendix E.

6.2 — New Zealand Wellbeing Budget Framework as Implementation Model

New Zealand's Wellbeing Budget framework, implemented since 2019, provides the most developed operational model for integrating well-being metrics into fiscal decision-making at the national level. The New Zealand Treasury's Living Standards Framework organizes well-being across twelve domains with dashboard indicators for each, and budget bids are assessed against well-being dimensions alongside fiscal criteria. The framework's relevance is methodological: it demonstrates that well-being integration into fiscal processes is operationally feasible at national scale without requiring abandonment of conventional fiscal targets.

6.3 — Policy-to-Well-Being Mapping

Each major policy proposal in Sections 4 maps to specific well-being dimensions. The carbon fee with dividend (A5) maps to environmental quality, financial security (through dividend), and health; universal pre-K (C4) maps to education, child development, and parental workforce participation; Social Security solvency (B1) maps to financial security and life satisfaction for older Americans; workforce skills accounts (C3) map to purpose, financial security, and employment quality.

6.4 — Twenty-Year Well-Being Trajectory

Under base-case assumptions, the framework projects the United States moving from mid-tier OECD standing on composite well-being measures to top-10 standing by Year 10 and top-5 standing by Year 20, with the largest improvements in health outcomes, financial security, education quality, and environmental sustainability.

6.5 — Doughnut Economics Integration

Kate Raworth's Doughnut Economics framework — which defines a safe operating space between a social foundation (below which human needs are not met) and an ecological ceiling (above which planetary boundaries are transgressed) — provides a complementary lens for the framework's dual fiscal-planetary mandate. The framework's policy proposals are designed to lift the United States toward the social foundation across all dimensions while reducing transgression of planetary boundaries, particularly through climate policy (A5, C2), land-use policy (A6), and natural-capital accounting.

6.6 — Heckman Equation and Early Childhood Returns

Nobel laureate James Heckman's research on early-childhood investment returns — documenting annual rates of return of 7–13 percent for high-quality early-childhood programs, with effects compounding across the life course through improved health, education, employment, and reduced criminal-justice system contact — provides the economic foundation for Policy C4 (Universal Pre-K). The framework treats early-childhood investment not as consumption expenditure but as infrastructure investment with documented long-run fiscal returns comparable to physical infrastructure.

SECTION 7 — POLITICAL VIABILITY STRATEGY

A framework that is fiscally sound but politically infeasible is an academic exercise. This section addresses the political pathway for the framework's enactment, drawing on documented coalition dynamics in U.S. fiscal policymaking and the experience of comparable consolidations in other advanced democracies.

7.1 — Objection and Compromise Matrix

The framework's major proposals each face predictable objections from one or both ends of the U.S. political spectrum. The matrix below addresses the objections directly, identifying both the substantive response and the consensus zone where bipartisan enactment is feasible.

Proposal	Conservative Objection	Progressive Objection	Consensus Zone
Carbon fee (A5)	Energy/business cost increase; market intervention	Regressive incidence; insufficient ambition	Border adjustment as anti-China industrial policy; per-capita dividend with rural multiplier
Corporate tax (A1)	U.S. competitiveness loss; ceding tax sovereignty	15% global minimum is insufficient	Domestic GILTI/AMT components independent of OECD; phased approach
Capital gains (A2)	Reduces investment incentive	Insufficient progressivity at top	$1M AGI threshold preserves middle-class treatment; bipartisan carried-interest champions
IRS modernization (A4)	"Weaponized IRS"; audit-rate concerns	Insufficient resources for sustained enforcement	Statutory audit-rate guarantee under $400K AGI; performance metrics; bipartisan oversight
Social Security (B1)	"No tax increases"	"No benefit cuts; no age adjustment"	Balanced package; minimum-benefit floor; preserved benefits for current retirees
Drug pricing (B3)	"Price controls reduce innovation"	"Insufficient scope"	IRA precedent; AMNOG model preserves clinical-innovation rewards

Proposal	Conservative Objection	Progressive Objection	Consensus Zone
Defense procurement (B4)	"Reduces military capability"	"Insufficient cuts"	Capability-preserving framing; documented contractor waste; GAO findings
Universal pre-K (C4)	"Federal overreach in education"	"Insufficient quality standards"	State-administered; parental choice; documented fiscal returns (Heckman)

7.2 — Messaging Framework

The framework requires audience-specific messaging that conveys the same substantive content through different frames:

Conservative-leaning audiences: Fiscal discipline. National strength. Market mechanisms over government mandates. The carbon fee is a market-based alternative to regulation. Defense procurement reform strengthens military capability by eliminating waste. The IFC provides transparent accountability for federal spending.

Progressive-leaning audiences: Middle-class protection. Climate action at scale. Opportunity equity. The hold-harmless mandate ensures that fiscal restoration does not come at the expense of working families. Universal pre-K and workforce skills accounts expand access to the middle class.

Independent/swing audiences: Pragmatism over ideology. Generational responsibility. Transparency and accountability. The framework draws on what has worked in other democracies and applies it to U.S. conditions.

Business community: Regulatory clarity. Long-term investment climate. Workforce quality. The framework reduces policy uncertainty, invests in human capital, and creates a level playing field for compliant firms.

Millennial/Gen Z audiences: Intergenerational equity. Climate stability. The framework is about whether the next generation inherits a functional fiscal position and a livable planet, or neither.

7.3 — Coalition Building and Stakeholder Sequencing

The strategy categorizes stakeholders into three tiers:

Tier 1 (Essential): Congressional leadership (both parties); Executive branch; CBO/JCT (analytical credibility).

Tier 2 (Important): Business associations (Chamber, BRT, NAM); labor organizations (AFL-CIO, building trades); AARP; major healthcare stakeholders; state governors (bipartisan).

Tier 3 (Supportive): Think tanks across the spectrum (Brookings, AEI, Heritage, CAP); academic economists; civic organizations; media and public opinion.

The recommended sequencing begins with high-consensus items — IFC establishment and IRS modernization in Year 1 — and builds toward more contested measures as institutional credibility and constituency support develop. Healthcare reforms (B2, B3) and defense procurement (B4) are sequenced in Years 1–2. The carbon fee with dividend (A5) is sequenced in Years 2–3. Complex entitlement reforms and revenue measures are sequenced in Years 3–7.

7.4 — Legislative Pathway Analysis

The framework utilizes four parallel legislative routes:

Reconciliation: For tax and entitlement measures requiring only a simple majority. The carbon fee, Social Security solvency package, Medicare reforms, and major revenue provisions (Pillars A and B) are structured for reconciliation-eligible enactment.

Regular order: For institutional changes requiring 60 Senate votes. The IFC establishment, fiscal rules framework, and intergenerational equity requirements are structured for regular-order enactment with bipartisan support.

Executive action: Utilizing OMB directives, DoD acquisition rules, and existing statutory authority for federal real estate rationalization (B8), digital governance modernization (F4), and defense procurement reform components (B4 partial).

State/local pathways: Using federal grant conditioning to incentivize state-level adoption of land-value taxation (A6), criminal justice reform (B9), and early-childhood quality standards (C4).

SECTION 8 — IMPLEMENTATION ROADMAP

8.1 — Master Milestone Framework

The framework's twenty-year implementation is structured in three phases, with explicit milestones, agency assignments, and measurable outcomes at each stage.

Year	Phase	Key Legislative Actions	Agency Milestones	Debt/GDP	GDP Growth
1	Foundation	IFC establishment; IRS modernization; OE reforms	CBO enhanced mandate; IRS multi-year plan	~99%	2.0–2.4%
2	Foundation	Carbon fee enactment; drug negotiation; site-neutral Medicare	Treasury carbon-fee implementation; CMS rules	~100%	2.0–2.3%
3	Foundation	Pillar C tranche 1 (infrastructure, R&D); defense procurement reform	DoT/DoE deployment; DoD acquisition rules	~101% (peak)	2.1–2.5%
5	Mid-foundation	Pillar A tranche 2 (corporate tax, capital gains)	First IFC long-horizon report; mid-course review	~100%	2.0–2.4%
7	Structural	Universal pre-K rollout; Social Security solvency package	HHS / Education / SSA implementation	~98%	2.0–2.3%
10	Structural	Mid-course statutory review (Year 10 sunset triggers)	All agencies implementing reforms	~92%	1.9–2.3%
15	Consolidation	Pillar A long-term components (SALT phase-down completion)	Treasury, IRS continued modernization	~80%	1.9–2.2%
20	Consolidation	Surplus deployment framework activation	Sovereign Wealth Fund seeding	~70%	1.8–2.2%

8.2 — Phase 1: Foundation (Years 1–3)

The Foundation phase establishes the institutional and analytical infrastructure required for sustained twenty-year implementation, executes the highest-confidence near-term measures, and builds constituency support through visible early effects.

Legislative priorities: IFC establishment; IRS modernization sustained appropriation; carbon fee with dividend; drug-price negotiation expansion; Medicare site-neutral payment; defense procurement reform; initial Pillar C investment tranche.

Executive actions available without legislation: Federal procurement rationalization (B8); federal digital governance directives (F4); executive-branch long-horizon office establishment (F3 partial); DoD acquisition rule modernization (B4 partial); OMB program-evaluation infrastructure (B5 partial).

Public infrastructure: Establishment of a real-time federal fiscal dashboard accessible to the public, presenting current debt, deficit, interest, and program-cost data with consistent methodology. Annual public progress report from the IFC presenting framework-implementation status, fiscal-trajectory updates, and well-being indicator movement.

Baseline measurement: Year-1 establishment of baseline measurements for all framework tracking metrics: fiscal indicators (debt, deficit, interest, program cost); macroeconomic indicators (GDP growth, productivity, employment, inflation); well-being indicators (composite well-being index, OECD Better Life dimensions, mental health, financial stress); planetary indicators (emissions, biodiversity, resource use).

8.3 — Phase 2: Structural Reform (Years 4–10)

The Structural Reform phase advances the components requiring sustained political coalition, completes Pillar C investment deployment, and includes statutory mid-course review at Years 5 and 7.

Legislative priorities: Universal pre-K national rollout; Social Security solvency package; remaining corporate-tax alignment components; full workforce and manufacturing investment deployment; skills-based immigration reform.

Mid-course review mechanism: Statutory reviews at Years 5, 7, and 10 compare actual fiscal and well-being trajectories against framework projections. Where deviations exceed specified thresholds, the IFC publishes adjustment recommendations and Congress acts through an expedited process. The mechanism is designed to enable course correction without abandoning the trajectory.

8.4 — Phase 3: Consolidation and Growth (Years 11–20)

The Consolidation phase locks in the gains of the first decade, activates the Generational Investment Framework and sovereign wealth fund once debt-to-GDP reaches 70 percent and the structural deficit is closed, and establishes the institutional architecture for preventing debt re-accumulation.

Key milestones: SALT phase-down completion; sovereign wealth fund seeding; surplus deployment framework activation; intergenerational wealth mechanisms (universal asset accounts at birth); statutory safeguards making re-accumulation politically expensive.

SECTION 9 — RISK ANALYSIS AND STRESS TESTS

9.1 — Risk Matrix

The framework identifies the following principal risks to successful implementation, assessed by probability and severity:

Risk	Probability	Severity	Primary Mitigation
Recession during implementation	High	Medium-High	Automatic stabilizers; Pillar C acceleration
Partisan reversal after election	Medium-High	High	Sunset/review provisions; legislative entrenchment
Debt market shock	Low-Medium	Very High	Treasury maturity management; Fed coordination
Climate shocks exceeding projections	Medium-High	High	Climate Resilience Reserve Fund
Major military conflict	Low-Medium	Very High	Emergency statutory clauses; defense surge provisions
Revenue shortfall (behavioral response)	Medium	Medium	Stress-case scoring; circuit-breaker triggers
Interest rate spike	Medium	High	Diversified maturity structure; accelerated deficit reduction

9.2 — Detailed Contingency Protocols

Recession Protocol: Contractionary measures are suspended if GDP contracts more than 1 percent for two consecutive quarters. Pillar C investments are accelerated as countercyclical stimulus. Automatic stabilizers (unemployment insurance, SNAP, Medicaid) operate without congressional action. The fiscal-rules framework (F2) includes explicit recession exceptions to prevent pro-cyclical austerity.

Political Reversal Protocol: Legislative entrenchment mechanisms include sunset provisions requiring affirmative action to repeal (rather than affirmative action to renew), IFC institutional independence, and redundant authorities across executive and legislative branches. The framework is designed so that partial implementation still produces substantial improvement over the baseline.

Conflict Protocol: Statutory emergency clauses allow for defense spending surges above framework ceilings, with automatic restoration to framework trajectory within two fiscal years of conflict cessation. Defense procurement reform (B4) is designed to improve capability-per-dollar during surge periods as well as peacetime.

Market Shock Protocol: Treasury maintains a diversified maturity structure to reduce refinancing risk. The IFC monitors debt-market indicators and publishes early-warning assessments. Federal Reserve coordination protocols (within the Fed's existing dual-mandate framework) address liquidity-crisis scenarios.

9.3 — Stress Test Scenarios

Scenario A — Recession: A 3 percent GDP contraction in Years 3–4, consistent with a moderate recession. The framework absorbs the shock through automatic stabilizers and Pillar C acceleration. Year 10 debt-to-GDP target shifts from 92 percent to approximately 95–96 percent. The Year 20 target of 70 percent is delayed by approximately 2–3 years but remains achievable.

Scenario B — Political Reversal: A 30 percent rollback of framework provisions at Year 5, following an adverse election result. Even with substantial rollback, the framework produces significant improvement over the current-law baseline, with debt-to-GDP reaching approximately 80–85 percent at Year 20 rather than 70 percent.

Scenario C — Major Military Conflict: A $200 billion per year defense surge sustained for five years (Years 5–10). The trajectory is delayed by approximately 5 years but does not reverse. The Year 20 debt-to-GDP reaches approximately 80 percent rather than 70 percent; the 70 percent target is achieved by approximately Year 25.

SECTION 10 — FOREIGN POLICY AND INTERNATIONAL CONSIDERATIONS

The framework's twenty-year horizon coincides with substantial change in the international economic and security environment. Fiscal restoration in the United States cannot be separated from international developments; conversely, U.S. fiscal trajectory is itself a substantial input to international stability.

10.1 — Trade Policy Implications

Sustained fiscal consolidation reduces U.S. import demand modestly relative to a higher-deficit trajectory; the effect is small in macroeconomic terms but material to specific bilateral trade relationships.

The framework's strategic-trade priorities include: completion of high-quality trade agreements with allied jurisdictions (UK, EU, Japan, Korea) to provide alternatives to dependence on geopolitically-contested supply chains; coordinated friend-shoring strategy for strategic-sector inputs (semiconductors, batteries, critical minerals, biotechnology); reform of trade-remedy architecture; and modernization of the WTO dispute-settlement architecture with U.S. engagement to restore the appellate function.

The carbon border adjustment (Policy A5) represents a significant trade-policy innovation; coordination with the EU CBAM (in phased implementation since 2023) reduces the diplomatic and economic cost of unilateral implementation.

10.2 — USD Reserve Currency Status

The U.S. dollar's dominant position in global reserves, settlement, and invoicing is supported by multiple structural factors: deep and liquid Treasury markets; institutional credibility of the Federal Reserve and Treasury; legal certainty and contract enforcement; network effects; and the absence of fully comparable alternatives.

Each of these factors is partially eroding at the margins. BRICS coordination on alternative settlement mechanisms; China's bilateral RMB-denominated trade arrangements; CBDC architectures developing across multiple jurisdictions; and the use of dollar-denominated sanctions as a geopolitical instrument each contributes to gradual diversification away from exclusive dollar dependence.

The framework's contribution to dollar status: sustained fiscal credibility supports Treasury market depth and liquidity; institutional reforms (Foundation Layer) support institutional credibility; strategic-sector competitiveness reduces vulnerabilities that could trigger more rapid diversification.

The fiscal cost of further dollar reserve-share decline: a reduction from approximately 58 percent currently to approximately 50 percent over two decades is associated with steady-state Treasury borrowing-cost effects on the order of 30–50 basis points, equivalent to $90–$150 billion in additional annual interest expense at current debt levels. This cost is substantially mitigated by the framework's debt-reduction trajectory.

10.3 — Major Bilateral and Multilateral Relationships

The framework's fiscal trajectory affects and is affected by the United States' principal bilateral and multilateral relationships. U.S.–China relations are shaped by the carbon border adjustment (A5), strategic manufacturing investment (C8), and the overall demonstration of fiscal credibility. U.S.–EU relations benefit from CBAM coordination and OECD Pillar Two alignment. Relationships with NATO allies are strengthened by demonstrated U.S. fiscal sustainability that preserves long-term defense-spending capacity.

10.4 — Defense and Security Integration

Defense procurement reform (B4) is designed to maintain and improve military capability while reducing unit costs. The framework preserves sustained defense-spending capacity by stabilizing the overall fiscal position — an unsustainable debt trajectory is itself the greatest long-term threat to U.S. defense capability, as rising interest costs progressively crowd out discretionary spending including defense.

10.5 — Global Signaling and Credibility

Demonstrated U.S. fiscal restoration sends a powerful global signal: that democratic governance can address long-term structural challenges through institutional processes rather than crisis-driven adjustment. This signal affects alliance credibility, investment flows, reserve-currency confidence, and the broader competition between democratic and authoritarian governance models.

SECTION 11 — PLANETARY STEWARDSHIP AND CIVILIZATIONAL RESILIENCE

This section addresses the framework's integration of planetary stewardship with fiscal restoration. The premise — developed in Section 1 and operationalized throughout — is that fiscal sustainability and planetary stability are interdependent. A fiscal framework that treats climate as an externality outside the budget will be invalidated by the budget itself within the framework's twenty-year horizon as climate-driven costs accumulate.

11.1 — Planetary Boundaries Framework

The Stockholm Resilience Centre's planetary boundaries framework (Rockström et al. 2009, updated 2015 and 2023) identifies nine processes regulating Earth-system stability: climate change, biosphere integrity (including biodiversity), nitrogen and phosphorus cycles, ocean acidification, freshwater use, land-system change, atmospheric aerosol loading, ozone depletion, and novel entities (chemical pollution, plastics). The 2023 update assesses six of the nine boundaries as transgressed, with climate change and biosphere integrity in the highest-risk category.

The United States contributes substantially to several boundary transgressions: cumulative greenhouse gas emissions (approximately 25 percent of cumulative historical CO_2 emissions); current per-capita emissions (among the highest in the OECD); nitrogen and phosphorus loading from agricultural runoff; land-system change; and biodiversity loss.

The Dasgupta Review (2021), commissioned by the U.K. Treasury, documents that "nature" — biodiversity and ecosystem services — should be treated as economic infrastructure rather than as externality. The framework's policy proposals address several planetary boundaries directly (climate through Policies A5 and C2; biodiversity through proposed natural-capital provisions) and others through indirect effects.

11.2 — Climate Fiscal Integration

The Network for Greening the Financial System (NGFS) climate scenarios provide a standardized framework for assessing climate-related fiscal risks. The NGFS scenarios distinguish between transition risks (fiscal effects from policy and technological transition) and physical risks (fiscal effects from climate-driven disasters, agricultural disruption, public-health effects, infrastructure replacement, defense and migration pressures).

Under scenarios consistent with current policy (continued elevated emissions, limited transition), physical risks accumulate as substantial fiscal liabilities over the framework's twenty-year horizon, with CBO and GAO analyses projecting climate-related federal costs growing at rates substantially above GDP growth.

Net-Zero Trajectory: The framework targets a 35 percent emissions reduction by Year 5, 55 percent by Year 10, and net-zero by Year 20 — achieved primarily through the carbon fee (A5), clean power investment (C2), and strategic manufacturing (C8).

Stranded-Asset Management: The framework includes phasing out fossil-fuel subsidies over a defined transition period, with worker and community transition support (C3, C7).

Green Multipliers: Investments in grid modernization (C2) and resilience infrastructure (C1) generate both fiscal and employment multiplier effects while reducing long-run climate-related fiscal liabilities.

11.3 — Global Planetary Policy Precedents

The framework draws on international models including: **Costa Rica** (ecosystem-services accounting and payment for environmental services); **Denmark** (wind-energy transition supported by sustained transmission investment, achieving over 50% renewable electricity share); **New Zealand** (Wellbeing Budget framework integrating environmental metrics); **Bhutan** (carbon-negative development with constitutional environmental mandate); and **Wales** (Well-being of Future Generations Act requiring intergenerational impact assessment).

11.4 — Planetary Policy Proposals

Natural Capital Accounting: Statutory accounting for biodiversity and ecosystem services, integrated into federal budget processes and national accounts. Modeled on the UN System of Environmental-Economic Accounting and the U.S. National Strategy for Natural Capital announced in 2023.

Climate Resilience Reserve Fund: A dedicated fund for disaster response and climate-adaptation investment, modeled on insurance principles with annual appropriation and investment returns. Reduces the fiscal shock of climate-related emergencies.

International Climate Leadership: Restored and expanded U.S. contributions to the Green Climate Fund and Adaptation Fund, proportional to U.S. historical emissions share. Leverages U.S. fiscal restoration as demonstration of climate-fiscal integration credibility.

Just Transition: Comprehensive support for workers and communities in fossil-fuel-dependent regions, delivered through workforce reskilling accounts (C3) and small-business support (C7).

Circular Economy: Federal procurement standards favoring material recovery, reuse, and recycled content. Reduces waste-related fiscal costs and resource-extraction environmental pressures.

11.5 — Planetary Stewardship Scorecard

Policy/Provision	Net Planetary Score
A5 — Carbon fee with dividend	Strongly positive

Policy/Provision	Net Planetary Score
C2 — Clean power and grid modernization	Strongly positive
Fossil subsidy phase-out	Strongly positive
Natural capital accounting	Strongly positive
C1 — Infrastructure (resilience components)	Positive
A6 — Land-value tax (anti-sprawl effects)	Positive
C8 — Strategic manufacturing	Variable (requires environmental standards)
Climate Resilience Reserve Fund	Positive
Circular economy procurement standards	Positive

SECTION 12 — POST-DEBT SURPLUS STRATEGY

This section addresses the question that successful fiscal consolidation creates: what happens after the debt-to-GDP ratio reaches the target of approximately 70 percent and the structural deficit is closed? The framework's answer is that surplus fiscal capacity should be deployed for intergenerational investment, not consumed by tax cuts or spending increases that restart the debt cycle.

12.1 — Generational Investment Framework

Once the framework's fiscal targets are substantially achieved (debt-to-GDP at or below 70 percent; structural deficit closed), surplus fiscal capacity is allocated through a Generational Investment Framework with the following priority hierarchy:

1. **Sovereign wealth fund seeding** — Building intergenerational reserves (see 12.2)
2. **Productivity-enhancing public investment** — Sustained infrastructure, R&D, and human-capital investment at levels consistent with top-quartile OECD performance
3. **Intergenerational wealth-building mechanisms** — Universal asset accounts, educational endowments (see 12.4)
4. **Debt-service reduction** — Additional principal reduction below the 70 percent target as fiscal headroom permits
5. **Targeted tax relief** — Only after the above priorities are funded and only through the IFC review process

12.2 — American Sovereign Wealth Fund

The framework proposes establishment of an American Sovereign Wealth Fund (AmSWF), modeled on Norway's Government Pension Fund Global — the world's largest sovereign wealth fund at approximately $1.7 trillion in assets under management.

Funding source: Structural budget surpluses once debt-to-GDP reaches 70 percent and the structural deficit is closed.

Investment mandate: Diversified global portfolio with ethical exclusion criteria (consistent with the Norwegian model); returns accrue to the fund; withdrawals limited to approximately the long-run real return on the fund (3 percent annually under the Norwegian model).

Size projection: Under base-case assumptions, AmSWF reaches approximately $1.5–2.5 trillion at Year 30 and approximately $5–8 trillion at Year 50.

Institutional safeguards: Professional non-partisan management; statutory withdrawal restrictions; transparency and public reporting requirements. Constitutional amendment pathway exists for the strongest withdrawal restrictions but is not required for initial establishment.

12.3 — Debt Re-Accumulation Prevention Architecture

1. **Statutory balanced-budget framework:** Establish statutory medium-term fiscal targets with explicit emergency clauses, building on the fiscal rules framework (F2).
2. **Independent Fiscal Council oversight:** The IFC's mandatory review authority for major spending and revenue legislation sustains fiscal discipline across administrations.
3. **Automatic stabilizers:** Statutory automatic stabilizers tied to debt-to-GDP thresholds — if the ratio rises above 75 percent, pre-specified revenue and efficiency measures activate automatically.
4. **Constitutional amendment pathway:** Considered after demonstrated successful statutory operation, to provide the strongest possible institutional protection against re-accumulation.

12.4 — Intergenerational Wealth Mechanisms

Universal asset accounts: A federal-state architecture for universal asset accounts at birth ("baby bonds"), providing every child born in the United States with a federally funded investment account. Modeled on the UK's Child Trust Fund (2005–2011) and proposed U.S. legislation. Account values grow through compound returns and are accessible for education, homeownership, or entrepreneurship at age 18.

Educational endowment expansion: Expansion of federal funding for public-education endowments at community colleges and state universities, enabling reduced or eliminated tuition for qualifying students. Expanded Pell Grant funding indexed to institutional quality metrics.

Public wealth-building through state capacity: Institutional reforms and Pillar C investments collectively build public wealth (human capital, infrastructure, institutional capacity, natural capital) that accrues to all future generations and is not captured in conventional balance-sheet accounting.

SECTION 13 — FUTURE IMPACT ANALYSIS

This section addresses the framework's effects across the twenty, thirty, and fifty-year horizons. The analysis is necessarily more uncertain at longer horizons; specific quantitative claims at the 50-year mark should be understood as scenario projections rather than forecasts. The purpose is to make visible the cumulative long-horizon effects of present policy choice, both under framework implementation and under continuation of current trajectory.

13.1 — Next-Generation Outcomes

Consider a child born in the United States in 2026, reaching adulthood in 2044 (the framework's Year 18) and prime working years through the mid-2060s.

Under unchanged policy trajectory: Federal debt-to-GDP at age 18 (2044): approximately 130–140 percent. Net interest costs at adulthood: approximately 5.5–6.5 percent of GDP, crowding out federal investment in education, infrastructure, and research. Climate environment: cumulative warming of approximately 1.5–2.0°C above preindustrial; documented economic damages increasing through life course. Workforce environment: continued labor-force participation challenges from automation and demographic aging. Inherited fiscal burden: substantial, with debt-service costs constraining policy flexibility across the working life.

Under framework implementation: Federal debt-to-GDP at age 18 (2044): approximately 75–85 percent. Net interest costs at adulthood: approximately 3.0–3.5 percent of GDP, leaving fiscal headroom for sustained federal investment. Climate environment: cumulative warming substantially lower under framework emissions trajectory. Workforce environment: substantial federal investment in early childhood education (during pre-K years); workforce-account access from age 25 onward; sustained infrastructure quality. Inherited fiscal burden: substantially reduced; policy flexibility preserved.

The framing point is not that one outcome is certain and the other is averted; both are scenarios with substantial uncertainty. The point is that the framework's effect on the choice landscape facing the next generation is substantial and is principally shaped by present-day policy decisions.

13.2 — U.S. Geopolitical Position

Military capacity and readiness: Under unchanged policy, defense expenditure faces increasing pressure from rising debt-service costs; capability-per-dollar deteriorates as procurement efficiency gaps accumulate. Under framework implementation, defense procurement reform and sustained fiscal capacity preserve and modernize military capability across the horizon.

Diplomatic leverage: Demonstrated U.S. fiscal credibility supports diplomatic effectiveness across multiple dimensions: alliance management (NATO, Pacific partners); multilateral coordination (G7, G20, OECD, IMF); engagement with China, Russia, and other strategic competitors; engagement with Global South partners on development and climate. Under unchanged trajectory, U.S. diplomatic effectiveness erodes as fiscal credibility declines.

Technology leadership: Sustained R&D investment (C6) and strategic manufacturing (C8) maintain U.S. competitive position in AI, biotechnology, clean energy, and advanced materials. Under unchanged policy, federal R&D investment is progressively crowded out by debt-service costs.

13.3 — Climate Trajectory

Under the framework's base case, U.S. greenhouse gas emissions decline by approximately 55 percent from 2005 levels by Year 10 and reach net zero by Year 20. Combined with the framework's international climate leadership provisions, this trajectory contributes to limiting global warming to approximately 1.5–2.0°C above preindustrial levels — at the lower end of the range modeled by NGFS and IPCC scenarios.

The fiscal implications are substantial: climate-related federal costs (disaster response, agricultural support, infrastructure replacement, public health, defense and migration) grow at significantly lower rates under framework emissions trajectory than under current-policy emissions trajectory. Over a fifty-year horizon, the cumulative fiscal savings from avoided climate damages are projected to exceed the direct costs of climate policy by a substantial margin.

13.4 — Global Financial Stability

U.S. fiscal restoration contributes to global financial stability through multiple channels: sustained Treasury market depth and liquidity; reduced risk of U.S. fiscal crisis with global-contagion effects; demonstrated viability of democratic fiscal governance; and preserved U.S. capacity for international financial leadership (IMF, World Bank, G20 fiscal coordination). Under unchanged trajectory, global financial stability risks escalate as U.S. fiscal position deteriorates.

13.5 — Civilizational Stakes

The framework is ultimately about whether the United States demonstrates that democratic self-governance can address structural, long-horizon challenges through institutional processes — or whether it adds to the evidence that democracies cannot manage fiscal sustainability, climate response, or intergenerational equity at the necessary scale and timeframe. The answer affects not only U.S. citizens but the global trajectory of democratic governance itself.

SECTION 14 — LEGISLATIVE ARCHITECTURE: TITLE-BY-TITLE OUTLINE

This section presents the framework's legislative architecture as a structured outline for use by congressional staff, the Office of Legislative Counsel, committee professional staff, and CBO/JCT scoring teams in drafting any actual statutory text derived from the framework. This is presented as legislative architecture for downstream drafting, not as drafted statutory text.

Proposed Short Title

"American Stability and Long-Term Prosperity Act"

Title I — Findings, Purposes, and Definitions

Substantive content: Congressional findings establishing the fiscal, economic, and institutional context for the Act (drawing on Section 3); statement of purposes (drawing on Section 1); definitions of terms used throughout the Act (debt-to-GDP ratio, structural deficit, illustrative composite well-being index, Generational Investment Framework, others); intergenerational equity declaration (Foundation Layer Policy F6) framed as a procedural standard.

Code reference: New title; not amending existing U.S. Code.

Lead committees: Senate Budget; House Budget.

Vehicle: Regular order; included as Title I of the comprehensive Act.

Title II — Revenue Optimization

Substantive content: Pillar A policies (Section 4):

- **Subtitle A:** Corporate tax modernization (A1) — amendments to IRC subchapter on international taxation; GILTI restructuring; corporate minimum tax provisions
- **Subtitle B:** Capital gains and carried interest (A2) — amendments to IRC sections governing capital-gains rates and pass-through compensation treatment
- **Subtitle C:** Estate and intergenerational transfer (A3) — amendments to IRC subtitle B; modification of stepped-up basis treatment
- **Subtitle D:** IRS modernization and tax gap enforcement (A4) — multi-year appropriation; IRS organizational authority; statutory audit-rate guarantees below $400K AGI

- **Subtitle E:** Carbon pricing and border adjustment (A5) — new excise-tax structure; CBAM authority and administration
- **Subtitle F:** Tax expenditure restructuring (A9) — phased modifications to designated tax expenditures
- **Subtitle G:** Information reporting modernization (A10) — expansion of Form 1099-style reporting requirements
- **Subtitle H:** Other revenue measures (A6, A7, A8) as politically and analytically supportable

Principal Code titles amended: Title 26 (Internal Revenue Code), multiple subchapters.

Lead committees: Senate Finance; House Ways and Means.

Vehicle: Reconciliation-eligible for tax provisions; regular order for structural IRS provisions.

Title III — Spending Efficiency

Substantive content: Pillar B policies (Section 4):

- **Subtitle A:** Social Security solvency (B1) — amendments to Title 42 (Social Security Act); taxable-maximum adjustment; benefit-formula modification; retirement-age phase-in; COLA methodology
- **Subtitle B:** Medicare modernization (B2, B3) — site-neutral payment; drug-price negotiation expansion; international reference pricing
- **Subtitle C:** Defense procurement reform (B4) — amendments to Title 10; MDAP process reform; competitive procurement expansion
- **Subtitle D:** Government efficiency (B5, B8, B10) — agency consolidation authority; federal real estate rationalization; improper payment reduction
- **Subtitle E:** Higher education and human services (B6, B7) — institutional accountability; income-driven repayment reform; means-testing refinement
- **Subtitle F:** Criminal justice modernization (B9) — sentencing reform; reentry programming; BOP modernization

Lead committees: Senate Finance; House Ways and Means; Senate HELP; House Education; Senate and House Armed Services; Senate and House Judiciary.

Vehicle: Reconciliation-eligible for entitlement and tax provisions; regular order for defense and justice provisions.

Title IV — Growth Acceleration

Substantive content: Pillar C policies (Section 4):

- **Subtitle A:** Infrastructure investment (C1) — multi-year authorization building on IIJA framework
- **Subtitle B:** Clean power and grid modernization (C2) — transmission investment; FERC reform; energy storage

- **Subtitle C:** Workforce development (C3) — federal skills accounts; apprenticeship expansion; lifelong learning infrastructure
- **Subtitle D:** Early childhood (C4) — universal pre-K federal-state partnership; childcare subsidies
- **Subtitle E:** Immigration reform (C5) — skills-based admission restructuring; startup visa; green-card processing
- **Subtitle F:** Research and innovation (C6) — NSF, NIH, DOE, DARPA sustained funding; regional innovation hubs
- **Subtitle G:** Small business and entrepreneurship (C7) — SBA expansion; digital infrastructure; SBIR expansion
- **Subtitle H:** Strategic manufacturing (C8) — domestic manufacturing investment; supply chain resilience; friend-shoring

Lead committees: Multiple committees of jurisdiction including Commerce, EPW, Energy, Education, Judiciary, Small Business.

Vehicle: Regular order; multi-year authorization with annual appropriations.

Title V — Planetary Stewardship

Substantive content: Section 11 policy proposals:

- **Subtitle A:** Natural capital accounting — statutory requirement for federal natural-capital accounts
- **Subtitle B:** Climate Resilience Reserve Fund — establishment, funding mechanism, and deployment authority
- **Subtitle C:** International climate leadership — Green Climate Fund and Adaptation Fund contributions
- **Subtitle D:** Just transition — worker and community support architecture for fossil-fuel-dependent regions
- **Subtitle E:** Circular economy — federal procurement standards for material recovery and reuse

Lead committees: Senate EPW; House Energy and Commerce; Senate Foreign Relations; House Foreign Affairs.

Vehicle: Regular order; some components reconciliation-eligible if scored as affecting mandatory spending or revenue.

Title VI — Institutional Integrity and Generational Investment

Substantive content: Foundation Layer policies (Section 4) and Post-Debt Strategy (Section 12):

- **Subtitle A:** Independent Fiscal Council (F1) — establishment, mandate, independence provisions
- **Subtitle B:** Fiscal rules framework (F2) — statutory targets, emergency exceptions, automatic stabilizers
- **Subtitle C:** Long-horizon governance (F3) — Long-Horizon Policy Office establishment

- **Subtitle D:** Digital governance modernization (F4) — IT modernization, digital identity, data sharing
- **Subtitle E:** Ethics modernization (F5) — financial disclosure, revolving door, lobbying transparency
- **Subtitle F:** Intergenerational equity framework (F6) — assessment requirement for major legislation
- **Subtitle G:** Generational Investment Framework (Section 12.1) — surplus allocation hierarchy
- **Subtitle H:** American Sovereign Wealth Fund (Section 12.2) — establishment, investment mandate, withdrawal restrictions

Lead committees: Senate Budget; House Budget; Senate Homeland Security and Governmental Affairs; House Oversight.

Vehicle: Regular order; bipartisan support path.

Title VII — Oversight, Reporting, and Accountability

Substantive content:

- Annual CBO scoring of framework fiscal trajectory against targets
- GAO performance audits of each pillar's implementation
- Joint congressional oversight committee with authority to hold public hearings
- Public transparency dashboard (real-time fiscal data accessible to the public)
- Sunset and review provisions at Years 5, 7, 10, 15 requiring affirmative congressional action
- Emergency exception procedures with automatic restoration provisions

Lead committees: Senate Budget; House Budget; Senate Homeland Security and Governmental Affairs; House Oversight.

Vehicle: Regular order; included as final Title of comprehensive Act.

SECTION 15 — APPENDIX

Appendix A — Economic Modeling Assumptions

The framework's fiscal projections are built on the following baseline economic assumptions, derived from CBO's March 2025 economic outlook and adjusted for the framework's policy effects:

Parameter	Near-Term (Years 1–5)	Medium-Term (Years 6–10)	Long-Run (Years 11–20)
Real GDP growth	2.0–2.4%	1.9–2.3%	1.8–2.2%
PCE inflation	2.2–2.5%	2.0–2.2%	2.0%
10-year Treasury yield	4.0–4.3%	3.8–4.2%	3.5–4.0%
Unemployment rate	4.0–4.5%	3.8–4.2%	3.5–4.0%
Labor force participation	62.0–62.5%	62.0–63.0%	61.5–63.0%

All projections are conditional on substantially full framework enactment. Pillar C growth effects are excluded from conventional scoring but noted qualitatively.

Appendix B — Sensitivity Analysis

The framework's debt-to-GDP trajectory is sensitive to the following key parameters:

Variable Shift	Effect on Year 20 Debt-to-GDP
+1.0 pp sustained GDP growth	Improves by 12–15 pp
−1.0 pp sustained GDP growth	Worsens by 12–15 pp
+1.0 pp sustained interest rate	Worsens by 8–12 pp
−1.0 pp sustained interest rate	Improves by 8–12 pp
30% political rollback at Year 5	Worsens by 10–15 pp

Variable Shift	Effect on Year 20 Debt-to-GDP
Pillar A revenue 20% below base case	Worsens by 5–8 pp
Pillar C dynamic effects materialize	Improves by 5–10 pp

Appendix C — Historical Precedent Case Studies

The framework draws on documented fiscal consolidation experiences from the following jurisdictions, with detailed case studies referenced throughout the document:

1. Canada — Program Review (1994–1998): 20% non-interest spending reduction with preserved social services
2. Sweden — Fiscal framework reform (1990s): Surplus target, expenditure ceiling, independent fiscal council
3. Norway — Sovereign wealth fund and fiscal rule: Oil revenue management across multiple decades
4. Germany — Schuldenbremse (debt brake): Constitutional fiscal rule with emergency exceptions
5. Switzerland — Debt brake (2003–present): Expenditure rule with cyclical adjustment
6. New Zealand — Wellbeing Budget framework (2019–present): Well-being integration into fiscal processes
7. Singapore — SkillsFuture and Central Provident Fund: Workforce development and retirement security
8. Estonia — Digital governance: E-government infrastructure at national scale
9. British Columbia — Carbon tax with revenue recycling (2008–present): Revenue-neutral carbon pricing
10. Finland — Committee for the Future: Long-horizon governance institution

Appendix D — Legislative Outline Technical Notes

Constitutional authority: The framework's legislative architecture rests on established constitutional authority including:

- **Taxing and Spending Clause** (Article I, Section 8, Clause 1) — authority for all revenue and spending provisions
- **Commerce Clause** (Article I, Section 8, Clause 3) — authority for regulatory and trade provisions including carbon border adjustment
- **Sixteenth Amendment** — authority for income tax provisions
- **Necessary and Proper Clause** (Article I, Section 8, Clause 18) — authority for institutional provisions including IFC establishment

No provision in the framework requires constitutional amendment for enactment, though the Post-Debt Surplus Strategy (Section 12) identifies a constitutional amendment pathway as a long-term option for the strongest possible fiscal-rule protection.

Appendix E — Well-Being Measurement Technical Specification

The proposed composite well-being index for federal use integrates the following methodology:

- **Dimensions:** Based on OECD Better Life Index eleven-dimension framework (housing, income, jobs, community, education, environment, civic engagement, health, life satisfaction, safety, work-life balance), supplemented by CDC Social Determinants of Health and Gallup-Sharecare Well-Being Index elements
- **Normalization:** Each dimension is normalized to a 0–10 scale using OECD methodology (min-max normalization across OECD member states)
- **Aggregation:** Equal-weight composite as the default; sensitivity analysis with alternative weightings published annually
- **Administration:** Bureau of Economic Analysis, in coordination with Census Bureau, CDC, and BLS, with annual publication cycle and state-level disaggregation
- **Reporting:** Annual IFC report integrating well-being indicators with fiscal-trajectory assessment

Appendix F — Reconciliation Logs

The following corrections and updates were applied during the validation and reconciliation process:

Item	Original	Corrected	Source
FY2025 deficit	$1.9T (initial estimate)	~$1.8T	CBO FY2025 Budget Accuracy Report
Norway recidivism rate	~5% (commonly cited)	~20% (2-year reconviction)	Norwegian Correctional Service; First Step Alliance
CRFB adjusted baseline	Not included	Added: ~$1T additional 10-yr deficits (OBBBA)	CRFB August 2025 adjusted baseline
Net interest FY2025	~$900B	~$970B	CRFB net interest analysis; Treasury Monthly Statement
Tax gap estimate	~$600B (2019 estimate)	~$696B (TY2022)	IRS Tax Gap Projections for Tax Year 2022

SECTION 16 — REFERENCES

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