GAME CHANGERS
Economic Policies for a Working America

POLICY BRIEF

Funding the Future While Reducing Inequality

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Executive Summary

The Game Changers initiative proposes almost 30 economic policies designed to help make the United States a stronger, fairer, and greener economy for all Americans. In this policy note, we present estimates of the budgetary cost of these initiatives and develop a funding plan that will offset these costs while creating a fairer and more equal tax system. This plan also includes reallocating spending from our bloated and destructive military budget to the Game Changers policies. This rigorous exercise serves as a proof of concept by providing one out of, presumably, many possible pathways to fund our future while reducing inequality.

The Problem: Massive Inequality Is Made Worse by U.S. Spending and Tax Policies

The United States has a massive inequality problem. The top 1 percent of households hold about a third of the nation's household wealth and roughly half of the stock market. In terms of income, the top 1 percent takes home twice as much total income as the entire bottom half of the country combined. The consequences of this divide extend beyond private disparities to erode the foundations of social stability. Stagnant consumer demand acts as a drag on national prosperity, while the collapse of upward mobility chokes the American dream. This extreme concentration also undermines our democratic institutions, allowing a narrow elite to exercise a level of political influence that far outweighs their numbers.

Meanwhile, American families are being squeezed from both ends. Not only are wages not keeping up with productivity, but the cost of living is also outstripping household earnings. Vital necessities like housing, medical care, and childcare are prohibitively expensive for a vast segment of the population. Even once-secure employment in many sectors feels

* The authors thank James Boyce, Juan Antonio Montecino and Juliet Schor for assistance. For details of our sources, calculations and more explanations about our revenue package, please see our Background Paper at gamechangerspolicy.org .

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increasingly precarious, particularly as advances in artificial intelligence put more jobs potentially at risk.

The Game Changers initiative proposes almost 30 economic policies designed to help make the United States a stronger, fairer, and greener economy for all Americans. Imagine if all of them could be successfully implemented. The questions that would inevitably arise: How much would it cost? Who should pay? And by what means?

The federal government does not face the same budget constraints as a household or business; it need not collect a dollar in tax before it spends one. But the way Washington finances its spending today is itself a driver of inequality. Working Americans cover much of the cost through taxes on their labor income, while the wealthy and corporations pay far less than their share. What these regressive arrangements leave uncollected, the government borrows, largely from those same wealthy households. In the process, the government pays them interest year after year, deepening the concentration of income and wealth.

Our proposal flips the script by funding the future in a completely different way: it demands that the wealthy and corporations pay their fair share, creating more equality in the process.

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Past and Current Failures in U.S. Public Finance

For decades, both Republican and Democratic administrations have presided over a tax system tilted toward the top. According to Emmanuel Saez and co-authors, the 400 wealthiest Americans paid an effective tax rate of about 24 percent over 2018 to 2020, below the 30 percent paid by the population as a whole and the 45 percent paid by top labor-income earners.

The deficit this leaves is financed by selling federal government bonds, roughly two-thirds of which are held by private investors, so the interest flows disproportionately to households and businesses that already hold financial wealth. Just as Willie Sutton robbed banks because that is where the money is, the government borrows from the wealthy it refuses to tax, paying them interest year after year. The fortunes on the receiving end have grown accordingly: in 1982 the combined wealth of the 400 richest Americans was about $300 billion in today's dollars; by 2025 it had reached $6.6 trillion, a more than twenty-fold increase (see also Paul Krugman's Substack, July 12, 13, and 19, 2026).

Republican administrations especially—beginning with Ronald Reagan, then George W. Bush, and continuing through both Trump terms—have made these problems much worse, enacting large tax cuts that primarily benefit the wealthy and greatly widen federal deficits. In July 2025, the Trump administration signed the "One Big Beautiful Bill Act", which permanently extended and expanded the 2017 tax cuts and delivered its largest gains to the top. The richest 1 percent of households are projected to receive tax cuts worth more than $50,000 a year, and the richest 10 percent more than $14,700 a year (Center for American Progress). According to the Congressional Budget Office, the law will reduce federal revenue by trillions of dollars over the next decade and widen the deficit by roughly $3 trillion through 2034. Including the added interest payments involved brings the total to more than $4 trillion once added interest is counted. On top of this, the government is planning to increase spending on the military and anti-immigration enforcement.

These trends have been compounded by a steep decline in corporate tax revenue, from about 7 percent of GDP in 1944 to about 1 percent in 2019.

The tilt is built into the code. So much of the income of the very wealthiest arrives as lightly taxed capital gains rather than wages that their effective tax rate can fall below that of many middle-class families. As Warren Buffett, the "Oracle of Omaha" and one of the most successful investors in American history, told lawmakers at a congressional hearing, "an economy where my receptionist pays a lot higher tax rate than I do does not strike me as a just economy."

Budget Deficits, Borrowing, and the Economy

Traditionally, many Republicans and some Democrats have criticized government deficits and championed balanced budgets, while others act as if deficits never matter. In principle, both are wrong. Long-term deficits are justified when they finance socially productive investments, including many Game Changers policies, because the social rate of return on those investments is positive: society gets more out of them than it puts in. But large deficits can be harmful when, as with much of the Trump administration's budget, they finance socially destructive spending such as excess military outlays, subsidies to fossil-fuel companies, or giveaways to cronies. As noted, such borrowing also deepens income and wealth inequality.

Dangers can lurk beyond this. If these debts grow too large, they make the economy more vulnerable to domestic and international financial disruptions that can raise the government's own cost of borrowing. In the extreme, if interest rates on government debt stay consistently above the growth rate of the economy, debt-service payments can grow faster than the economy itself, making the debt progressively harder to finance.

Game Changer: Pairing Progressive Economic Policy with Progressive Tax Policy on Wealth and Capital

To address these concerns, we present an exercise showing how the Game Changers policies can be funded without adding to the federal budget deficit. We have developed a plan that levies taxes and shifts spending to offset the Game Changers agenda while reducing inequality. Our tax and spending package will, in other words, fund the future while reducing inequality.

Many Game Changers policies will likely pay for themselves over the medium to long term. Investing in children makes them more productive adults. Reducing the financialization of health care and adopting Medicare for All makes Americans healthier while lowering the cost of delivering care. Better financial regulation limits the frequency and depth of financial crises. Acting on climate change reduces the enormous costs that fossil-fueled warming imposes on the economy.

For the purposes of this exercise, we do not count any of those returns. As a result, we substantially underestimate the long-term budgetary benefits of the Game Changers proposals.

Our Plan: Funding the Future While Reducing Inequality

We estimate the costs to the federal budget of the Game Changers policies and develop a set of offsets: cuts to military spending, the reallocation of immigration-enforcement funds to immigrant integration, and increases in tax revenue drawn mostly from corporations, progressive income taxes, stronger IRS enforcement, and higher taxation of great fortunes.

The Game Changers policies fall into three groups. Many require NO significant government expenditure. These include regulatory changes to protect financial stability, changes to laws such as Just Cause Job Protections, a strengthened Fair Labor Standards Act, and National Rent Control, fairer trade agreements such as Democratize North American Trade, and arrangements between private parties such as the Four-Day Week and Raising Wages by Changing Norms.

A second group carries its own dedicated financing. Each is paid for by a dedicated instrument tied to the program, a contribution, premium, or assessment, rather than by drawing on general tax revenue. They include the Extreme Weather Superfund and Fossil Fuel Phasedown, financed by polluters; and National Disaster Insurance, Paid Family and Medical Leave, and Long-Term Care Insurance, financed by contributions and premiums structured so that lower-income households pay less; and the Chemicals Without Harm Act that incorporates its own payment schemes.

A third group would be financed by general-fund outlays: universal childcare, a child allowance, and social housing. It is these outlays, together with a portion of Medicare for All not covered by its own instruments, that the general-revenue package is designed to fund.

TABLE 1. Medicare for All: dedicated instruments[1]

Target: $1,531.9 billion in additional financing required.

Instrument	Revenue ($B)	Basis
Business health-care premiums	856.7	Pollin et al. 2018 scaled by health-cost growth; calibrated so every covering employer pays less on day one.
Graduated individual wage contribution	467.7	Eight brackets on earned income only, 0 to 10.5 percent.
Long-term capital gains taxed as ordinary income	53.0	Graduated base-rate ramp, 20 to 37 percent, net of a realization response. The Net Investment Income Tax is also extended to active pass-through and S-corporation income.
Subtotal, dedicated instruments	**1,377.4**	
Residual to be met from general revenue	**154.5**	

Source: Based on and updated from Pollin and co-authors, *Economic Analysis of Medicare for All* (2018). See Appendix.

Medicare for All is the largest policy and deserves its own accounting. It significantly reduces the overall cost of providing medical insurance and eliminates the premiums households pay to private insurers. Its dedicated instruments, shown in Table 1, replace those premiums and raise most of what the program costs, so that most Americans pay substantially less for their care than they do now. Only the richest pay more. A modest residual is met from the general-revenue package.

1 The "Medicare for All" estimates are based on Pollin, et. al. "Economic Analysis of Medicare for All", PERI, 2018, available here. Also see the Game Changers Medicare for All materials. Pollin et al.'s Game Changer policy also reports on a state level program for New York that can serve as a model for other state level programs.

The Game Changers Revenue Package

The unifying idea behind the revenue package is to reach the income at the top that the current system lets slip. For decades the tax code has reached wages easily and rentier income barely at all. A nurse's salary is taxed in full and on time, while a lifetime of gains on an inherited portfolio can go untaxed entirely. The package corrects that imbalance, drawing its revenue from capital income, corporate rents, dynastic wealth, and speculative finance rather than from the paychecks and purchases of working families. It uses the proceeds to make those families' lives more affordable and secure.

Two design principles follow. First, the package taxes high incomes on both wages and capital, where most plans reach only one. High salaries face graduated contributions, and the preferential rate on long-term capital gains ends, so that income from selling assets is taxed at the same rates as the wages of someone who works for a living. There is no longer a discount for income earned by owning rather than working. Second, working people are insulated: every wage-based levy is graduated from the first dollar, with nothing below $20,000 of earnings taxed. Households below $200,000 pay less on net once lower health costs, the child allowance, and federally funded childcare are counted. The burden is concentrated at the top, not shifted onto the flat payroll and consumption taxes that fall hardest on working families.

None of these instruments are novel. Almost every one of them has been part of the tax-reform debate for a decade or more, and many gained traction during the Biden administration; what is new is not the instruments but the assembly, bringing them into a single package that funds the Game Changers program in full. Nor are the numbers invented. The underlying estimates are, for the most part, official scores from the Joint Committee on Taxation, the Congressional Budget Office, or the Treasury, or careful extrapolations from them. Where no official score exists, the policy is modeled transparently against a real benchmark.

Lastly, we regard this as one workable combination among many; we do not claim it is uniquely best, only that it is efficient, advances equality, and raises or reallocates more than enough. The package has two sides, a reallocation of wasteful spending and a set of new revenue instruments, which we take in turn.

The Revenue and Reallocation Package

The Game Changers program calls on the federal government to cut billions of dollars from the military budget, dollars that are wasted, that are not needed for genuine national defense, and that distort the whole economy (see the Game Changers papers by Heidi Peltier and Lindsay Koshgarian). Relatedly, we propose cutting the budget of ICE and to reallocate those funds toward a sensible, humane, and effective system of immigrant integration (see the Game Changers' The Wealth of Welcome). That reallocation is sufficient to stand up the immigration package, but the enforcement appropriation it draws on must be obligated by September 30, 2029, which makes it a temporary stream rather than a recurring one. We therefore do not count the remainder as available to the rest of the agenda. Together these reallocations free $200 to $400 billion a year, shown alongside the revenue instruments in Table 2.

The Instruments

The general-revenue package draws on the following instruments. Here we describe what each is and what it does; the revenue that each instrument raises is shown in Table 2.

- **Corporate income tax, restored from 21 to 35 percent:** Returns the rate to its level for the three decades before the 2017 tax cut. It falls overwhelmingly on the largest, most profitable firms: roughly 350 companies, out of about 500,000 filers, account for nearly 70 percent of the corporate tax base, and much of their profit is excess return from market power rather than the normal return to investment, which is why the rate can rise substantially without discouraging productive activity.
- **Corporate alternative minimum tax, raised from 15 to 21 percent:** Strengthens the book-income minimum tax enacted in 2022, so highly profitable firms cannot report large profits to shareholders while paying little to the public.
- **Stock buyback excise tax, raised from 1 to 4 percent:** Increases the levy on share repurchases, a lightly taxed way corporations return cash to shareholders.
- **IRS enforcement and anti-avoidance:** Restores the agency's capacity to collect taxes already legally owed, concentrated on high-income and corporate filers.
- **Financial transactions tax:** A small levy on stock (0.5%), bond (0.1%), and derivative (0.005%) trades that fall on mostly speculative and high-frequency trading rather than on ordinary savers, raising revenue from activity that adds little to the real economy.
- **Ultra-Wealthy Minimum Income Tax:** A minimum tax on the total income, including unrealized gains, of household worth more than $100 million. It taxes income measured on an accrual basis, not the stock of wealth, so the largest fortunes cannot compound untaxed while paying a lower effective rate than a working professional.
- **Eliminate stepped-up basis on inherited assets:** Today, when an asset passes down after death, its value resets to fair market value at the date of inheritance. If the original owner bought stock at $1 million and it's worth $10 million when they die, the basis becomes $10 million. Sell it the next day and they owe capital gains tax on nothing. That $9 million of appreciation is never taxed as income to anyone, ever. We endorse ending this loophole that erases a lifetime of appreciation when an asset passes at death, instead treating death as a realization event so gains are taxed as fortunes change hands.

The Bottom Line

Table 2 brings the whole program together, setting each policy against the revenue that funds it. Programs with dedicated financing appear in the top block, where cost and revenue correspond within each row. The general-fund programs appear in the lower block, financed collectively by the revenue and reallocation instruments beside them.

Counting Medicare for All's full $1,531.9 billion cost, the gross requirement after military savings is $1,535 to $1,792 billion. But because Medicare for All is paid for by its own dedicated instruments (Table 1), the amount that must come from the general-revenue package is far smaller: $557.3 to $614.3 billion. Our revenue package raises $701.8 to $1,425.3 billion against that need.

At the most conservative corner – the financial transactions tax at its floor, the lower corporate estimate, and the low end of IRS enforcement – the package clears the funding requirement with a surplus of $87.5 billion. At the optimistic corner the surplus reaches $868 billion. The $100 to $130 billion available from international corporate tax reform (see Game Changer on International Tax

Reform) overlaps with restoring the corporate rate, so we do not credit it against the requirement. The package is more than adequate across the range, with global tax reform left as a genuine cushion.

TABLE 2. Program costs and financing[2]

Annual amounts in billions of dollars; ranges reflect lower and higher cost and revenue estimates.

Game Changers policy	Annual cost ($B)	Revenue instrument	Revenue raised ($B)
A. Programs that carry their own dedicated financing			
Medicare for All	1,531.9	Business health-care contribution (856.7); graduated wage contribution (467.7); capital gains taxed as ordinary income (53.0), with the Net Investment Income Tax extended to active pass-through and S-corporation income (see Table 1)	1,377.4 (+154.5 via Block B)
Paid family & medical leave	152.6	Graduated individual and employer contributions + capital-income surtax (national cost proxy; see Appendix A in the Background Paper)	152.6
Long-term care insurance	68.1	Graduated individual contribution + capital-income surtax split evenly; fully federal rather than state administered	68.1
National Disaster Insurance	65–92	Mandatory home-insurance premiums, roughly 0.2% of rebuild cost, including rental housing	65–92
Extreme Weather Superfund	100	Assessments on historical fossil-fuel producers ($100/yr for 25 years)	100
Fossil Fuel Phasedown	637	Carbon-permit auctions; revenue recycled (75% household cashbacks, 25% Resilient Communities Fund)	637
B. Programs funded from general revenue and spending reallocation			
Universal childcare	150–200	Restore corporate income tax rate (21% →35%)	138.2–260.0
Child allowance for families	205–212	Corporate alternative minimum tax (15% →21%)	13.7
Social housing (SHDA / HOMES Act)	30	Eliminate stepped-up basis on inherited assets	53.6
Sectoral wage boards (net of insurance savings)	17.8	Ultra-Wealthy Minimum Income Tax (net worth > $100M)	50.3
Medicare for All residual (from Block A)	154.5	Financial transactions tax	209.0–575.0
		Stock buyback excise tax (1% →4%)	16.6
		IRS enforcement and anti-avoidance	20.4–56.1
		Demilitarization + immigration reform & reallocation	200–400
Subtotal, general-fund need	**557.3–614.3**	**Subtotal, revenue + reallocation**	**701.8–1,425.3**
Net result: a surplus of $87.5B at the most conservative corner, rising to $868B at the optimistic corner. Global tax reform ($100–130B) overlaps with restoring the corporate rate and is held as headroom rather than credited against the requirement. See Game Changers "International Tax Justice for a Democratic Economy."			

2 The Chemicals Without Harm Act is not listed here because the costs of its program range very widely and have self-contained payment mechanisms.

Conclusion

The Game Changers policies call on us to invest in one another, to secure our shared future, and to re-write the rules to build an economy that prioritizes the health, security, and true prosperity of working Americans and their families. Many of these policies more than pay for themselves over time. The short term budgetary costs can be met by cutting a bloated and dangerous military budget, reallocating funds now spent on immigration enforcement, and levying taxes that make for a fairer and more equal society in their own right.

The stakes are more than budgetary, though difficult to quantify on a balance sheet. When income and wealth concentrate at the very top, political power does so as well. Fortunes that compound untaxed across generations do not stay out of politics; they fund campaigns, lobbying, and media, and they bend public policy toward the interests of those who already have the most. A tax system that reaches rentier income, corporate rents, and dynastic wealth does more than raise revenue. It loosens the grip of concentrated wealth on public life and returns a measure of influence to everyone else. Funding the future, reducing inequality, and strengthening our democracy are not competing goals. They are the same project.

For more information on this topic, please visit our policy page.

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