

Budget options to reduce the Federal Debt**Ten year budget window deficit adjustments**

Type	Amount, US\$ bn	Description
Revenue	\$ 2,780	Impose 5% VAT on discretionary spending only or on staples as well (healthcare, housing, food and education)
Revenue	\$ 2,080	Eliminate or limit itemized deductions (SALT, mortgage, charitable) to a share of AGI or at a lower marginal rate
Revenue	\$ 1,911	Impose a new payroll tax on all earnings without an earnings cap, possibly with a donut hole middle class exclusion
Revenue	\$ 1,246	Surtax on individual Adjusted Gross Income, possibly applied above a certain level of AGI
Revenue	\$ 1,078	Increase maximum earnings subject to Social Security Payroll taxes without commensurate increases in benefits
Discretionary	\$ 959	Reduce defense budget
Revenue	\$ 878	Increased individual tax rates on Ordinary Income
Revenue	\$ 782	Tax GHG emissions
Revenue	\$ 743	Reduce tax subsidies for employment based health benefits by subjecting them to payroll and/or income taxes
Mandatory	\$ 676	Cap on Federal Medicaid spending
Mandatory	\$ 587	Modify Medicare Advantage Plans for Health Risk; which reduces payments to providers by lowering their estimated risk scores
Mandatory	\$ 510	Increase Medicare Part B premium to cover 35% of expected cost rather than 25%
Mandatory	\$ 489	Reduce Medicare Advantage Benchmarks which determine the maximum coverage by procedure/region
Mandatory	\$ 445	Uniform Social Security Benefit for all recipients rather than reflecting lifetime earnings
Revenue	\$ 420	Expand base of Net Inv Income Tax to include active S Corps and Partnership participants
Mandatory	\$ 384	Means testing for VA disability payments
Revenue	\$ 367	Change taxation of assets at death (step-up)
Revenue	\$ 340	Tax foreign income at full statutory rate
Discretionary	\$ 339	Reduce non-defense discretionary spending
Revenue	\$ 336	Limit deduction for charitable giving
Mandatory	\$ 330	Reduce Federal Medicaid Spending by Limiting State Taxes on HC Providers which Federal gov't then matches
Mandatory	\$ 315	Reduce Federal Medicaid matching
Revenue	\$ 297	Financial Transactions Tax
Mandatory	\$ 278	Use chained CPI rather than traditional CPI for Social Security and other mandatory program payment indexation
Revenue	\$ 235	Include VA disability payments in taxable income
Revenue	\$ 212	Increase Excise Taxes on Motor Fuels and Index Them for Inflation
Revenue	\$ 187	Further Limit Annual Contributions to Retirement Plans
Discretionary	\$ 187	Reduce Funding for International Affairs Programs
Revenue	\$ 149	Expand Social Security to Include Newly Hired State and Local Government Employees
Revenue	\$ 143	Eliminate or Modify Head-of-Household Filing Status
Revenue	\$ 136	Increase the Corporate Income Tax Rate by 1 Percentage Point
Revenue	\$ 130	Eliminate Certain Tax Preferences for Education Expenses
Revenue	\$ 130	Require Half of Advertising Expenses to Be Amortized Over 5 or 10 Years
Mandatory	\$ 123	Reduce Social Security Benefits for High Earners
Revenue	\$ 104	Repeal the "Last In, First Out" Approach to Inventory Identification and the "Lower of Cost or Market"
Revenue	\$ 103	Raise the Tax Rates on Long-Term Capital Gains and Qualified Dividends by 2 Percentage Points
Mandatory	\$ 99	Consolidate and Reduce Medicare Payments for Graduate Medical Education at Teaching Hospitals
Mandatory	\$ 95	Raise the Full Retirement Age for Social Security
Revenue	\$ 95	Increase Taxes on Alcoholic Beverages
Mandatory	\$ 82	Reduce Payments for Hospital Outpatient Departments
Discretionary	\$ 77	Reduce the Annual Across-the-Board Adjustment for Federal Civilian Employees' Pay
Mandatory	\$ 75	Change the Cost-Sharing Rules for Medicare and Restrict Medigap Insurance
Revenue	\$ 69	Repeal the Low-Income Housing Tax Credit
Discretionary	\$ 67	Reduce Funding for Certain Grants to State and Local Governments
Discretionary	\$ 60	End Enrollment in VA Medical Care for Veterans in Priority Groups 7 and 8
Mandatory	\$ 60	Require Social Security Disability Insurance Applicants to Have Worked More in Recent Years
Revenue	\$ 51	Increase Excise Taxes on Tobacco Products
Mandatory	\$ 47	Reduce Subsidies in the Crop Insurance Program
Mandatory	\$ 45	Reduce Payments for Drugs Delivered by 340B Hospitals
Mandatory	\$ 44	Eliminate the Add-On to Pell Grants, Which Is Funded With Mandatory Spending
Revenue	\$ 43	Eliminate the Tax Exemption for New Qualified Private Activity Bonds
Revenue	\$ 40	Increase Federal Civilian Employees' Contributions to the Federal Employees Retirement System
Mandatory	\$ 38	End VA's Individual Unemployability Payments to Disabled Veterans at the Full Retirement Age for Social Security
Mandatory	\$ 36	Reduce Medicare's Coverage of Bad Debt
Mandatory	\$ 35	Narrow Eligibility for VA's Disability Compensation by Excluding Veterans With Low Disability Rating
Mandatory	\$ 34	Reduce VA's Disability Benefits for Veterans Who Are Older Than the Full Retirement Age for Social Security
Mandatory	\$ 32	Introduce Minimum Out-of-Pocket Requirements in TRICARE for Life
Discretionary	\$ 29	Reduce the Size of the Fighter Force by Retiring the F-22
Revenue	\$ 28	Require People Who Claim the Earned Income Tax Credit and Child Tax Credit to Have a Social Security Number
Discretionary	\$ 22	Cap Increases in Basic Pay for Military Service Members

Source: CBO, JPMAM, December 2024

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