Fishman's Framework for Tax Reform

Lower Taxes, More Benefits, and How It Can Be Done

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A comprehensive overhaul of the United States tax system.

The American system of taxation has become so encumbered by gratuitous complication and inequity that tax reform is an issue that's championed on both sides of the political aisle. In his debut, Fishman provides a method to fix a broken code in a way that avoids rewriting it in its entirety; it also generally lowers taxes and compels everyone, individuals, and businesses alike, to pay their fair share. The principal feature of his proposal is the elimination of what he sees as a pernicious "structural defect": the tax deduction. He sees it as not merely a mechanical faux pas, but as a mistake, noting that politicians are endlessly incentivized to create new ones each year to satisfy their supporters, mostly benefiting the wealthy. As affluent people and corporations repeatedly diminish their own obligations, he says, the middle and lower classes shoulder a disproportionate tax burden; additionally, the revenue the government needs for essential services plummets.

The author doesn't simply demonize corporations, however; the tax code, he says, has essentially punished them for profitability, encouraging them to seek out such lucrative loopholes. Fishman would eliminate all business taxes on net profits and replace them with a modest one on gross sales while also expanding the payroll tax to fund health care. He would also do away with personal income tax, similarly replacing it with a payroll tax based on gross annual income. He includes plans for a value-added tax, estate taxes, excise taxes, and others and furnishes an extended discussion on Social Security, health care spending, and national defense—all areas that he says could be more adequately funded by a more rational and fair approach to taxation.

Overall, this brief but painstakingly researched proposal deserves to be part of the national conversation on tax reform. Fishman discusses highly technical concepts in largely quotidian prose and seems unencumbered by an ax-grinding political agenda. One defect of the work, though, is that it seems too dismissive of the political obstacles to fixing a system that's politically afflicted in the first place. The book's principal virtue is its cool-headed assessment of the facts combined with a genuine passion for equality.

A thoughtful, rigorous plan to make the tax code more morally and rationally defensible.
-- ***Kirkus Review***

Bravo, Mark Fishman! What could be more important than an intelligent, relatively simple, and equitable roadmap to tax reform? Fishman's Framework could lead to securing the funds needed to improve our failing schools, to radically overhaul our national infrastructure, and to give hope to millions of middle and lower-class citizens who believe they are carrying the burden for wealthy tax evading and dodging individuals and corporations. Fishman applies a radical solution—fairness. Thus, Fishman's Framework cries out for serious consideration.
Dr. Paul Cummins, Educator and author of Two Americas, Two Educations: Funding Quality Schools for All Students, and co-founder of Crossroads School for Arts and Sciences

Mark Fishman's plan to revise the tax system in the United States makes great good sense. It will produce more revenues and is far more equitable than today's complex and unfair system. His plan would help us save Social Security and pay for Universal Health Care.
-- ***Lawrence Thompson Bowles, MD., PhD., retired medical executive.***

Mr. Fishman has achieved what our politicians have been unable to accomplish: a simple, fair, and effective tax system. The fact that he has lowered taxes yet provided universal health care and free college should appeal to all Americans. Moreover, he has single handedly abolished the alternative minimum tax.
--***Gregory Eckel, MD***

Fishman's Framework for Tax Reform

Lower Taxes, More Benefits, and How It Can Be Done

Introduction

The proposal you are about to read will significantly lower taxes for the vast majority of individuals and corporations. This is accomplished by making everyone pay their fair share, and when everyone pays their fair share even though overall taxes are lower, sufficient revenue is still raised to:

- Expand Medicare into National Health Care.
- Fully fund Public Education.
- Provide free public college and vocational school to all qualified students.
- Increase Social Security benefits upon retirement.
- Retrain unemployed and displaced workers.
- Repair our deteriorating infrastructure.
- Transition our economy to renewable, non-polluting energy.

This is all possible by restructuring the way we raise taxes, and reprioritizing our spending policies. However, before any serious reform can take place, we must first identify the main problem that makes our current tax code inadequate, inequitable, and incomprehensible: *the tax deduction.*

The dictionary defines a deduction as an expenditure that is deducted from taxable income. Examples include charitable contributions, interest on home mortgages, and yachts. There are tax breaks for business meals, corporate jets, country club memberships, mergers and acquisitions, accelerated depreciation, and executive salaries up to $1 million per year.[1]

More egregious examples include the “check-the-box” loophole, the “Hewlett-Packard” loophole, the “Real Estate Investment Trust” loophole, the “carried interest” loophole, the “earnings stripping” loophole, and the “valuation discount” loophole.[2]

The list goes on and on, and the mere existence of one deduction is used as the justification to create even more deductions whether they are geared to benefit society as a whole or the narrow interests of the few.

To date, the tax code is 2,652 pages long. However, if tax preparers relied only on the statutes contained within these pages and did not have the knowledge of the IRS regulations, revenue rulings, and other clarifications necessary to fully understand them, they would not be able to prepare tax documents properly. Therefore, they also need to have a full understanding of the information contained within the 70,000 pages that make up the *Standard Federal Tax Reporter*, published by Commerce Clearing House (CCH).[3]

Because this massive amount of knowledge is necessary to prepare tax documents properly, the uber-wealthy have been able to use the specialty deductions and loopholes hidden in plane site within the tax code to hide from the public various ways in which wealthy individuals and corporations avoid paying their fair share. And, to add insult to injury, the code increases every year because every year

[1]https://www.journalofaccountancy.com/news/2020/dec/final-regs-sec-162m-executive-compensation-limits.html#:~:text=The%20IRS%20issued%20final%20regulations,tax%20year%20exceeds%20%241%20million
[2] http://act.credoaction.com/sign/sanderstaxloopholes?t=2&akid=13946.7934487.Juek6Y
[3] https://taxfoundation.org/how-many-words-are-tax-code/

politicians create new deductions in response to the desires of some of their influential constituents who want to pay even less in taxes.

This misuse of congress not only allows wealthy individuals and corporations to avoid paying their fair share, but also prohibits our middle-class and working poor from accessing these deductions because they do not make the kind of money or the quantity of money necessary to take advantage of these loopholes. The result is a decrease in the amount of revenue needed to properly fund the programs and services our society deems important, such as Social Security, Health Care, and Public Education, and leads directly to waste, fraud, and corruption.[4]

Therefore, the best first-step we can take to correct this situation is to eliminate all tax deductions, and that is the signature achievement of this plan. This proposal eliminates all deductions with no exceptions. A tax system absent all deductions allows for unbiased solutions to the inherent complexities of taxation, and results in a tax code that is simple and fair.

No serious attempt at tax reform can occur without addressing the three major programs that account for 62% of our annual budget: Social Security (22%), Medicare, Medicaid and CHIP (21%), and defense (19%).[5] This proposal successfully addresses the self-funding problems associated with Social Security and health care, and calls for a special National Security Surtax to be shared by all American taxpayers to cover defense spending that exceeds two times the combined amount that Russia and China spend on their military budgets.

When this proposal was being written, I used the most accurate data available which at that time was for fiscal 2012. So, references to revenues and expenditures refer to that year. However, readers can still use this proposal as the template for determining this plans effects for the year they want to examine. And, when they do, they will find that, like 2012, this proposal lower taxes yet provides more benefits for the year they are studying.

This proposal is not an attempt to solve all tax problems. As stated in the title, it is a "framework," a guide for tax reform. It addresses major areas of concern and uses the principles of simplicity and fairness to solve them. Its purpose is to be the basis for the legislation that will be used to enact these reforms into law.

To make the reading and understanding of this proposal easier, an executive summary follows this introduction. This is followed by a brief discussion of each reform which has been placed in the same order as they appear in the formal proposal found in Section 3. This will allow readers to become familiarized with its concepts and explanations and give some background before reading the plan by itself.

I would like to thank Sisters Theresa LaMetterey, CSJ, and Ann Marie Steffen, CSJ, for their assistance in the preparation of this document. Their straightforward questions, formatting and editing skills and tireless work made all this possible. I would like to thank my brothers, Jay and Ray Fishman and my sister-in-law Joyce, for their piercing questions, logical criticisms, and suggestions. And, to Julie Muyco, for providing the tax revenue estimates for the original manuscript.

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[4] http://www.ctj.org/corporatetaxdodgers/sorrystateofcorptaxes.php#The Size of the Corp
http://www.villagevoice.com/2012-10-10/news/the-10-most-corrupt-tax-loopholes/
http://www.washingtonpost.com/wp-dyn/content/article/2005/12/30/AR2005123001480.html
https://sunlightfoundation.com/blog/2010/02/12/the-legacy-of-billy-tauzin-the-white-house-phrma-deal/
www.medicalsupplychain.com/pdf/Medicare%20Part%20D%20Reform%20&%20Coruption%20Issues.pdf
http://sunlightfoundation.com/blog/2013/01/02/fiscal-cliff-lobbying/
http://www.americanprogress.org/issues/green/news/2012/02/07/11145/big-oils-banner-year

[5] http://www.cbpp.org/cms/?fa=view&id=1258

For the revised and updated 2015 edition, I would like to express my heartfelt gratitude to Ashford Wallace for his time and assistance in not only editing this manuscript, but also for his insightful ideas and advice, and to Kathryn Bundy for her astute suggestions, patience, and editing skills which were invaluable in helping me complete this proposal.

Mark Lewis Fishman

Part I
Executive Summary

Executive Summary

This proposal will lower taxes for the vast majority of individuals and corporations while still raising sufficient revenue to fully fund and expand the programs and services our society deems most important: Medicare, Social Security, and Public Education. It will accomplish all this and more while running a budget surplus.

A brief synopsis of how this is accomplished is presented below.

1. Business Taxes

a. Business Gross Sales Tax

The major problem with the existing tax code is that it penalizes corporations with higher taxes as they become more profitable. This encourages the use of deductions to lower the net profits so that the corresponding liability is reduced.

Section 1.a. eliminates the need for deductions by replacing the tax on net profits with a small tax on gross sales. The Business Gross Sales Tax would look like this:

Bracket	Annual Gross Sales		Tax		Tax Owed
1	$1 – $250,000	x	0.50%	=	
2	$250,001 – $500,000	x	0.75%	=	
3	$500,001 – $1,000,000	x	1.00%	=	
4	$1,000,001 – $2,500,000	x	1.30%	=	
5	$2,500,001 – $5,000,000	x	1.70%	=	
6	$5,000,001 – $10,000,000	x	1.90%	=	
7	$10,000,001 – $50,000,000	x	2.10%	=	
8	$50,000,001 and above	x	2.25%	=	
				Total Tax Due:	

EXAMPLE - To calculate the Business Gross Sales Tax on annual gross sales of $725,000:

- Separate the annual gross sales into the corresponding brackets.
- Multiply by the corresponding tax and place this amount in the Tax Owed column.
- Add up the Tax Owed column to determine the Total Tax Due.

Bracket	Annual Gross Sales		Tax		Tax Owed
1	*First* $250,000	x	0.50%	=	$1,250
2	*Next* $250,000	x	0.75%	=	1,875
3	*Balance* $225,000	x	1.00%	=	2,250
4	$1,000,001 – $2,500,000	x	1.30%	=	
5	$2,500,001 – $5,000,000	x	1.70%	=	
6	$5,000,001 – $10,000,000	x	1.90%	=	
7	$10,000,001– $50,000,000	x	2.10%	=	
8	$50,000,001 and above	x	2.25%	=	
				Total Tax Due:	**$5,375**

In this example, the Business Gross Sales Tax on a corporation with annual gross sales of $725,000 is only $5,375. Since the tax on gross sales remains the same no matter how high profits might increase to, the tax on gross sales actually rewards business for being more profitable by not increasing taxes as profits rise. And, since the tax on gross sales makes all corporations pay their fair share, federal business tax revenue will increase from $329.3 billion (fiscal 2012)[6] to at least $664 billion per year.[7] This means that over the next ten years the Business Gross Sales Tax will bring in an additional $3.34 trillion to the treasury.

b. Business Payroll Taxes

Because the tax on gross sales is so small, it allows for an expansion of payroll taxes to include an increase in the Medicare obligation, along with a new payroll tax for National Health Care. The proposed payroll taxes will bring in $631 billion annually, and would look like this:

- The Medicare payroll tax will increase from 1.45% to 2.8%.
- The Social Security payroll tax will be reduced from 6.2% to 5.2%.
- The artificially imposed $110,100.00 cap on Social Security contributions has been removed. The employer must now continue to pay the lower 5.2% Social Security payroll tax on salaries no matter how high the annual salary might rise to.
- A 3% payroll tax for National Health Care has been added.
- Business payroll tax obligations now total 11%, compared to their current total of 7.65%.

Examples of proposed Annual Payroll Taxes based on employee salaries:

Employee Annual Salary	Social Security (5.2%)	National Health Care (3%)	Medicare (2.8%)	Total Annual Payroll Taxes	Monthly Expenditure
$20,000	1,040	600	560	2,200	183
30,000	1560	900	840	3,300	275
40,000	2,080	1,200	1,120	4,400	366
50,000	2,600	1,500	1,400	5,500	458
80,000	4,160	2,400	2,240	8,800	733
100,000	5,200	3,000	2,800	11,000	916

Please note that health care expenditures make up 52.1% of total payroll obligations. When the savings produced from the Business Gross Sales Tax is added to the savings generated by funding National Health Care through payroll taxes, overall corporate tax liability declines.

c. Foreign Business Taxes

Section 1.c. addresses the problem of American workers losing their jobs to foreign workers due to the closing of manufacturing plants in the United States that are outsourced to foreign countries. These factories are opened in countries that provide the cheapest labor, usually based on unfair wages, unsafe working conditions, and the least regulation regarding environmental protection. Section 1.c.iv addresses these problems by placing special taxes on products manufactured under these conditions. These special taxes will force foreign manufacturing costs to rise making them too expensive to export to the United States. This will encourage American manufacturers to keep their plants here, in the United States, and will save and create millions of American jobs.

[6] https://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/receipts.pdf
Table 15-5 Receipts by Source (Page 220)

[7] See Appendix F

2. Individual Taxes

a. Payroll Taxes

Section 2.a. addresses the problem of individual tax deductions by eliminating the basis for their existence - personal income taxes. Eliminating personal income taxes removes the need for tax deductions and the tax attorneys and creative accountants currently used by high income earners to lower or avoid taxes due.

Everyone's income will now be taxed through payroll taxes which will now be based on annual gross income. Annual gross income will be redefined to include all income earned from all sources with no distinction made between labor and investments. By treating all income equally, everyone will now be subject to the same rates of taxation, and will bring in $1,850 billion annually.

The Individual Annual Gross Income Tax Base upon which payroll taxes will be based will look like this:

Bracket	Annual Gross Income		Tax		Tax Base
1	$1 – $100,000	x	10%	=	
2	$100,001 – $200,000	x	12%	=	
3	$200,001 – $300,000	x	14%	=	
4	$300,001 – $400,000	x	16%	=	
5	$400,001 – $500,000	x	18%	=	
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,001 and above	x	26%	=	
Total Tax Base				=	

Payroll taxes will be applied against the Total Tax Base as follows:

Social Security	**(Total Tax Base)**	x	65%	=	
Medicare	**(Total Tax Base**)	x	30%	=	
National Health Care	**(Total Tax Base**)	x	45%	=	
Public Education	**(Total Tax Base**)	x	10%	=	
Total Payroll Taxes Owed				=	

EXAMPLE - To calculate the payroll taxes owed on annual gross income of $320,000:

- Separate the annual gross income into the appropriate bracket(s)
- Multiply by the corresponding tax, and place the results in the **Tax Base** column.
- Add up the results in the tax base column to determine the **Total Tax Base**.

Bracket	Annual Gross Income		Tax		Tax Base
1	*First* $100,000	x	10%	=	$10,000
2	*Second* $100,000	x	12%	=	12,000
3	*Third* $100,000	x	14%	=	14,000
4	*Last* $20,000	x	16%	=	3,200
5	$400,001 – $500,00	x	18%	=	
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,000 and above	x	26%	=	
			Total Tax Base	**=**	**$39,200**

The **Total Tax Base** is then multiplied by the percentages associated with Social Security (65%), Medicare (30%), National Health Care (45%), and Public Education (10%), and added together to determine the Total Payroll Taxes Owed.

Social Security	**Total Tax Base** ($39,200)	**x**	65%	=	$25,480
Medicare	**Total Tax Base** ($39,200)	**x**	30%	=	11,760
National Health Care	**Total Tax Base** ($39,200)	**x**	45%	=	17,640
Public Education	**Total Tax Base** ($39,200)	**x**	10%	=	3,920
			Total Payroll Taxes Owed	=	**$58,800**

In this example, an individual with annual gross income of $320,000 would pay only $58,800 in payroll taxes, an actual tax rate of 18.38%.

Since the vast majority of Americans earn less than $100,000 annually, most taxpayers will fall into bracket #1, and will pay only 15% in annual payroll taxes. The increased payroll tax obligations will be accepted by a majority of taxpayers for three main reasons:

1. Overall taxes have been reduced.
2. People are no longer paying personal income taxes.
3. All citizens will be the beneficiaries of National Health Care, increased Social Security benefits upon retirement, and fully funded public schools that include free public college or public vocational school for all academically qualified students.

b. Tax Refunds

Partial refunds are sent to all eligible taxpayers whose earnings range from less than $11,000 annually for a single person, to a maximum of $25,000 for a four-person family.

3. Social Security, National Health Care, Public Education

a. Social Security

Social Security faces a future benefit pay out problem due to inadequate funding. If nothing is done to increase revenues, all eligible recipients will receive 100% of benefits through 2033, while after that benefits to recipients between the years 2034 and 2083 will be reduced by 23%.[8]

The solution to the future benefits pay-out problem facing Social Security is accomplished by:

1. Removing the $110,100 cap on the business tax obligation to Social Security (1.b.)
2. Removing the $110,100 cap on the individual's tax obligation to Social Security (2.a.)
3. Decreasing the business tax obligation to Social Security from 6.2% to 5.2% (1.b.)
4. Increasing the individual's tax obligation to Social Security from 6.2% to 6.5%. (2.a.)

Section 2.a. eliminates the distinction between ordinary income and investment income and simply combines them into a common pool of money subject to the same rates of taxation. Because the caps on Social Security contributions have also been eliminated, only 11.7% of annual gross income (6.5% from individuals, and 5.2% from corporations) is needed not only to meet all future obligations, but to increase them as well. In fact, had this proposal been in effect in 2012, all 61.9 million Social Security recipients would have received an average increase of $167/month.

b. National Health Care (Medicare for All)

National Health Care is simply an expanded version of Medicare. As a single-payer system, the government will replace private, for-profit health insurance companies to become the one and only health care administrator. As the sole administrator, the government becomes the collector of premiums in the form of payroll taxes, and the paymaster to the medical professions for the products and services they provide.

National Health will be financed by incorporating the increased funding from Medicare with the revenue raised by the new payroll tax for National Health, and from the general fund when necessary. The combination of Medicare and National Health Care payroll taxes (which amounts to 13.3% of annual gross income) will raise $1.257 trillion per year as follows:[9]

National Health Care Payroll Tax	**Sub-totals**	**Total Revenue Generated**
Individual contributions (4.5%)	555 ($bn)	
Business contributions (3.0%)	172	
Sub total	727	$727 ($bn)
Medicare Payroll Tax		
Individual contributions (3.0%)	370 ($bn)	
Business contributions (2.8%)	160	
Sub total	$530 ($bn)	$530 ($bn)
Total annual revenue for National Health Care:		**$1.257 trillion**

[8] http://www.ssa.gov/oact/tr/2013/tr2013.pdf
[9] See Appendix F

In 2012, US health care expenditures totaled $2.8 trillion.[10] Since this plan will reduce health care costs by at least 50% ($1.4 trillion), only $1.4 trillion will be needed to fully fund National Health Care.

Because this plan implements National Health Care over a 10-year period, a $2.5 trillion surplus will be created in the National Health Care Trust Fund. And, because the single-payer system eliminates for-profit health insurance companies, lowers the cost of prescription medications, reduces unnecessary tests and procedures, and emphasizes preventive care that includes dietary and lifestyle changes, the cost of health care will be reduced by a minimum of 50%. Therefore, the revenue found in the National Health Care Trust Fund will cover all costs associated with National Health Care.

c. Public Education

Section 2.a.iv and Section 8. fund public education at the federal level. This revenue, when combined with State and local revenue, is sufficient to create superior schools for all students in all neighborhoods. It equalizes funding for all schools from pre-school through grade 12, and allows all qualified students the opportunity to attend college or vocational school free of charge.

4. Value Added Tax (VAT)

Section 4 creates a 5% Value Added Tax (VAT) applied to all purchases except for property (residential and commercial), speculative financial instruments (stocks, bonds, commodities, etc.), the sale of a business, gasoline, education, State and Local Government, Medicaid, Medicare, and National Health Care. This will raise <u>$250 billion/year</u> for the general fund.

5. Transaction Taxes

Section 5 creates three new transaction taxes which will raise <u>$55 billion/yr.</u> for the general fund:

a. 1% tax based on the purchase price of commercial and residential property, paid by the buyer at the time of the transaction;
b. 1% tax based on the purchase price of a business, paid by the buyer at the time of the transaction;
c. Wall Street Trading and Speculators Tax Act. U.S. Senate bill #1787 (112th Congress). This places a 0.03% transaction tax on the transfer of stocks, bonds, derivatives, and other debt securities.

6. Estate Taxes

The estate shall include all assets of the deceased including trusts for which the deceased was the grantor or the beneficiary, and shall be taxed according to the following schedule:

a. The first $3.5 million of the value of the deceased's estate is not be taxed.
b. On the value of the estate above $3.5 million and up to $10 million, the tax is 50%.
c. On the value of the estate above $10 million and up to $100 million, the tax is 75%.
d. On the value of the estate above $100 million, the tax is 95%.

This schedule ensures that at time of death, over 99% of Americans will *not* be affected by this tax.[11] This means that over 99% of Americans will be able to pass on to their heirs their entire estate intact while the government still collects <u>$62 billion annually</u>.

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[10] https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/downloads/proj2012.pdf See Table 1, page 5

[11] https://www.jct.gov/publications.html?func=startdown&id=4744
Joint Committee on Taxation, "History, Present Law, and Analysis of the Federal Wealth Transfer Tax System," March 16, 2015, h

7. Excise Taxes

a. Gasoline Tax

Section 7.a. increases the federal gasoline tax from $0.184/gal to $0.50/gal, brings in $86 billion annually, and distributes the revenue as follows:

i $0.20 to the Highway Trust Fund for the repair, maintenance, and construction of our Interstate Highway system.
ii. $0.07 for the construction of mass transit projects.
iii. $0.03 to the Leaking Underground Storage Tank (LUST) Trust Fund.
iv. $0.20 for construction of the infrastructure (grid) necessary for the nationwide implementation of renewable, nonpolluting energy sources and technologies.

b. National Resources Royalty Tax

Section 7.b. imposes for the first time a royalty of 12.5% on hard rock minerals, increases the royalty on coal from12.5% to 15% (based on gross value), and increases the royalty on gas and oil from 12.5% to a minimum of 18.5%, and under certain market conditions, to 25%. This will bring in $5 billion annually for the general fund.

8. State Reimbursement

Section 8. sends back to the States 30% of the non-income-based tax revenue collected by the federal government ($370 billion). The reimbursement money sent back to each state is based soley on each state's population as a percentage of the total U.S. population.
Sub-Section 8.c – 8.h. sends $185 billion back to the states to fund Public Education.

Sub-Sections 8.k.i, 8.k.ii, and 8.k.iii direct the States to fund research and development proposals for science, technology, and medicine; infrastructure projects; new public medical center teaching hospitals, and general acute care hospitals.

Sub-Sections 8.l. – 8.r. direct the States to disperse their reimbursement money to their Counties, based on each County's population as a percentage of the State's population. This revenue is to fund the programs and services that benefit their residents such as child day care, housing for battered women and their children, women's health care clinics and domestic violence programs; clean, safe and affordable housing for low-income senior citizens, the homeless, and those in danger of becoming homeless such as the disabled and veterans.

These Sections also fund adult education and job training for displaced workers, programs and services for the mentally and physically disabled, drug prevention programs, drug rehabilitation treatment centers, non-profit humanitarian projects, and non-profit cultural organizations to promote theatre, music, art, and dance.

Appendix F: Projected Tax Revenue

Appendix F presents the revenue generated from each of the taxes proposed in this plan, and this totals $3.716 trillion. Of this, $2.481 trillion (66.8%), is raised through business and individual payroll taxes to specifically fund Social Security, National Health Care, and Public Education. The balance, $1.235 trillion (33.2%), is generated from non-income-based taxes and is used to fund all other government obligations.

In 2012, our government collected $2.450 trillion,[12] but spent $3.537 trillion,[13] creating a deficit of $1.087 trillion.[14] In contrast, had this proposal been in effect at that time, it would have produced a surplus of $179 billion.

[12] http://www.usgovernmentrevenue.com/yearrev2012_0.html
[13] http://www.usgovernmentspending.com/federal_budget_detail_2015bs22012n
[14] http://www.usgovernmentrevenue.com/yearrev2012_0.html

Part 2
A Brief Discussion of
Fishman's Framework for Tax Reform

Business Taxes

1a. Business Gross Sales Tax

The point of being in business is to make money. Corporations take this very seriously and realize that the less they pay in taxes the more money they make for themselves and their investors. The artificially created tax deduction affords them this opportunity. Businesses subtract deductions from their gross revenues to determine the net profit, and the net profit is then used as the basis for determining taxes owed.

With passage of the Tax Cuts and Job Act of 2017,[15] the corporate tax rate on net profit was reduced from 35% to 21%.[16] However, since it did not eliminate most business deductions, corporations continue to use them while at the same time incentivizing our elected officials to create new ones so that they can lower their tax liability even more.

For example, some of the deductions corporations want to keep include the rent or purchase of opulent buildings and furnishing them with expensive furniture and art, travel expenses, and private jets. Business deductions still permit and encourage corporations to purchase or lease luxury cars, condominiums and homes, and to write off lavish meals.[17] [18] All of these deductions legitimize the lowering of net profit so that less is paid in taxes, shorting the government of revenue it should receive.

The tax code also includes hidden tax breaks unknown to the general public. According to a Citizens for Tax Justice report analyzing corporate and individual tax breaks (1995 - 2002), "Among the hidden entitlements that the study particularly targets as generally both unfair and bad economics are business and investment tax subsidies costing $1.3 trillion over the next seven years. These "corporate and high-income welfare programs" include:

- Multinational tax breaks, costing at least $95 billion over seven years.
- Capital gains tax loopholes, costing $258 billion over seven years (not counting the congressional GOP's huge proposed increases in capital gains tax entitlements).
- Tax breaks for mergers and acquisitions.
- Business meals and entertainment write-offs ($44 billion over seven years).
- Accelerated depreciation, with an estimated cost of $259 billion over the next seven years (not counting the colossal expansion of these corporate tax subsidies that was included in the House Republicans' "Contract With America").
- Tax benefits for insurance companies and their products ($204 billion in 7 years).
- Oil, gas and energy tax breaks ($21 billion over seven years).
- Tax breaks for timber, agriculture, and minerals ($10 billion over seven years).
- Tax breaks for banks and other financial institutions ($7 billion over seven years).
- Tax subsidies for state and local bonds, especially the subsidies for non-public purpose bonds. The latter will cost $92 billion over the next seven years.[19]

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[15] https://www.cbo.gov/publication/53787 This legislation will also produce a $1.9 trillion deficit.
[16] The average corporate tax rate on profits from new investments made in the U.S. was 24 percent; the average corporate rate on profits from new investments made by companies in other "Group of Seven" (G-7) industrialized, democratic countries, weighted by the size of their economies, was 21 percent
https://www.cbpp.org/research/federal-tax/actual-us-corporate-tax-rates-are-in-line-with-comparable-countries
[17] http://www.nbcnews.com/id/3340979/ns/business-corporate_scandals/t/jurors-shown-video-birthday-bash/#.UyYr4vldXHs
[18] https://americansfortaxfairness.org/key-facts-american-corporations-really-trump-tax-cuts/
[19] http://www.ctj.org/html/hidenpr.htm

Another outrageous example comes from the hospital industry. Recently, a senior citizen had a kidney stone removed from his ureter. The hospital billed Medicare $80,771 even though he was in their facility for only one and one-half days. Medicare paid, and the hospital accepted, $3,974 for their over-inflated charges (e.g. charging $6,826 for the three hours he spent in the shared recovery room), and the balance was written off as bad-debt. The bad-debt was then applied against their gross revenues to reduce their net profit by $76,797, thus lowering their corporate tax obligation.

Even more egregious examples include the "check-the-box" loophole, the "Hewlett-Packard" loophole, the "Real Estate Investment Trust" loophole, the "carried interest" loophole, the "earnings stripping" loophole, and the "valuation discount" loophole. Just closing these six loopholes would raise more than $100 billion over the next decade.[20]

Because of the success of lobbyists who represent the largest and most powerful corporations, the current tax code is now filled with so many deductions and specially crafted tax breaks that some businesses that are very profitable pay little or no taxes or often have money refunded to them.[21] In fact, with passage of the Tax Cuts and Job Act of 2017, 60 of America's largest corporations paid no federal tax in 2018.[22] And, the code has become so complex that entirely new businesses have evolved to navigate corporations through the tax code taking their payments as a percentage of tax dollars saved to the client.

The mistake of allowing a business to apply deductions against their gross sales to lower their net profit, which lowers their tax obligation, prevents the government from collecting the true amount owed.[23] <u>This effectively shifts a disproportionate amount of the tax burden onto those who cannot access these deductions, the middle-class and the working poor</u>.

The solution

<u>The solution to this unacceptable situation is simply to replace the business tax on net profits with a small tax on gross sales</u>. By definition, the tax on gross sales means that there are no deductions. This simple, straightforward reform takes away the basic incentive for most business tax fraud and the opportunity for corporations to avoid paying their fair share. The Business Gross Sales Tax would look like this:

Bracket	Annual Gross Sales		Tax		Tax Owed
1	$1 – $250,000	x	0.50%	=	
2	$250,001 – $500,000	x	0.75%	=	
3	$500,001 – $1,000,000	x	1.00%	=	
4	$1,000,001 – $2,500,000	x	1.30%	=	
5	$2,500,001 – $5,000,000	x	1.70%	=	
6	$5,000,001 – $10,000,000	x	1.90%	=	
7	$10,000,001 $50,000,000	x	2.10%	=	
8	$50,000,001 and above	x	2.25%	=	
				Total Tax Due:	

[20]http://act.credoaction.com/sign/sanderstaxloopholes?t=2&akid=13946.7934487.Juek6Y
[21]http://ctj.org/taxjusticedigest/archive/2012/02/press_release_general_electric.php#.UyZWuPldXHs
https://www.zdnet.com/article/apple-avoided-billions-in-taxes-aimed-for-holy-grail-of-tax-avoidance-panel-says/
[22] http://fortune.com/2019/04/11/amazon-starbucks-corporate-tax-avoidance/
[23]http://www.ctj.org/corporatetaxdodgers/sorrystateofcorptaxes.php
http://www.urban.org/books/TTP/alm.cfm
http://www.middleclasspoliticaleconomist.com/2012/01/irs-finds-us-tax-evasion-385-billion.html
http://en.wikipedia.org/wiki/Tax_evasion_in_the_United_States

EXAMPLE - To calculate the Business Gross Sales Tax on annual gross sales of $725,000:

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding tax and place this amount in the Tax Owed column.
- Add up the Tax Owed column to determine the Total Tax Due.
- In this case, the Business Gross Sales Tax is only $5,375 as detailed below:

Bracket	Annual Gross Sales		Tax		Tax Owed
1	*First* $250,000	x	0.50%	=	$1,250
2	*Next* $250,000	x	0.75%	=	1,875
3	*Balance* $225,000	x	1.00%	=	2,250
4	$1,000,001 – $2,500,000	x	1.30%	=	
5	$2,500,001 – $5,000,000	x	1.70%	=	
6	$5,000,001 – $10,000,000	x	1.90%	=	
7	$10,000,001 $50,000,000	x	2.10%	=	
8	$50,000,001 and above	x	2.25%	=	
				Total Tax Due:	**$5,375**

Simplifying the tax code by replacing the tax on net profits with a small tax on gross sales accomplishes the following:

1. It removes the basic defect that encourages waste, fraud, and corruption: the tax deduction.
2. It levels the playing field of taxation. Now all businesses will be paying taxes and all businesses will be paying at the same rates.
3. Since all businesses will be paying taxes, government revenue from the federal business tax will increase from $329.3 billion (fiscal 2012)[24] to at least $664 billion per year.[25] This means that over the next ten years the Business Gross Sales Tax will bring in an additional $3.34 trillion to the treasury.

   Update: With passage of the Tax Cuts and Jobs Act of 2017, things get much worse. The Congressional Budget Office estimates that revenue from corporations for 2018 will be only $243 billion.[26] And, the revised forecast for the total projected deficit over the 2018–2028 period from this bill will rise to $1.9 trillion.[27] This highlights the necessity of adopting this tax reform proposal.
4. Since the tax on gross sales is so small, most businesses will be minimally impacted. For example, for those businesses that gross up to $1 million annually, the average tax is less than 1%. For those that gross up to $2.5 million annually, the average tax is less than 1.1%. And, for those that gross up to $10 million annually, the average tax is less than 1.65%.
5. Since the tax on gross sales is so small, it allows for an expansion of payroll taxes to include an increase in the Medicare obligation, along with a new payroll tax for National Health Care.

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[24] https://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/receipts.pdf
Table 15-5 Receipts by Source (Page 220)
[25] See Appendix F
[26] https://www.cbo.gov/topics/taxes
[27] https://www.cbo.gov/publication/53787

For example, a business with annual gross sales of $100,000 falls within the first bracket which includes gross sales up to $250,000. The $100,000 is multiplied by the 0.5% tax, which comes to $500, and this represents the entire business tax due the federal government. (See Appendix A).

ADDITIONAL EXAMPLES:

Annual Gross Sales		Gross Sales Tax		Gross Sales Tax as % of Gross Sales
$100,000		$500		0.500%
400,000		2,375		0.593
500,000		3,125		0.625
750,000		5,625		0.750
1,000,000		8,125		0.812
1,500,000		14,625		0.975
3,000,000		36,125		1.204

6. Since the tax on gross sales remains the same no matter how high profits might increase to, the tax on gross sales actually *rewards* businesses for being more profitable by **not** increasing taxes as profits rise.

   For example, if a business has gross sales of $180,000 in its first year with a net profit of $9,000 (5%), its current federal business tax would be $1,350. However, in the proposed tax system, the gross sales tax of the same business would be only $900.

   And, if in the second year this business had a net profit of $18,000 (10%), its federal business tax would rise to $2,700, while in the proposed tax system it would remain at $900.00. And, if in the third year this business had a net profit of $27,000 (15%), its federal business tax would rise to $4,050, while in the proposed tax system it would remain at only $900. Additional examples:

Annual Gross Sales	Net Profit	Business Tax Current Tax System	Business Tax Proposed Tax System
$180,000	$9,000 (5%)	$1,350	$900
	18,000 (10%)	2,700	900
	27,000 (15%)	4,050	900
$750,000	37,500 (5%)	5,625	5,625
	75,000 (10%)	13,750	5,625
	112,500 (15%)	27,375	5,625
$1,500,000	75,000 (5%)	13,750	14,625
	150,000 (10%)	41,750	14,625
	225,000 (15%)	71,000	14,625
$8,000,000	400,000 (5%)	136,000	127,125
	800,000 (10%)	272,000	127,125
	1,200,000 (15%)	408,000	127,125

7. The shift from taxing net profits to gross sales means that the business gross sales tax is now so easy to calculate that anyone can learn to do it in under two minutes. This will save corporations thousands of dollars in accounting fees.
8. Because current tax law does not require U.S. corporations to repatriate profits from their foreign subsidiaries, trillions of dollars that should be subject to taxation are instead held in foreign bank accounts. The tax on gross sales eliminates this problem since corporations are now taxed on their worldwide revenues as reported on their balance sheets, and thus unconcerned with the net profits of their foreign subsidiaries.
9. Eliminating the tax deduction means that the peripheral businesses that have grown up around this defect, whose sole purpose has been to use the deduction to reduce, delay, or eliminate taxes owed, will, by necessity, find new and better ways to become more productive assets to society.
10. Eliminating the tax on net profit and replacing it with a small tax on gross sales is capitalism in its purest form. Now all businesses will compete on a level playing field and the inequity associated with our current tax system will be eliminated.

Of course, there will be those who complain that the tax on gross sales is unfair because it taxes a business during a time when a business is not profitable. This criticism is unjustified. For example, assume we have a business with gross revenues of $400,000 but expenses of $500,000. In this case, the amount owed from the gross sales tax is only $2,375. In relation to other business obligations, it's a relatively small bill among the many bills that must be paid.

Additionally, these critics do not make the same argument in relation to other business expenses. For example, they do not demand that the landlord forgo collecting the rent during the time when the tenant is not making a profit. Nor do they demand payment exemptions from the vendors they purchase goods from or for the business license, attorney fees, accounting fees or other costs associated with running a business during the time when a business is losing money.

The Business Gross Sales Tax will apply to the vast majority of businesses. However, there are always exceptions. So, for those businesses who feel that the methodology employed here to determine taxes owed does not apply to their situation, they can appeal directly to the Department of the Treasury for possible relief.

After the initial criticism dies down, the tax on gross sales will be seen as just another business expense that must be accounted for when one decides to be in business. The small tax on gross sales will not be the deciding factor that determines whether a business is successful or not. However, it will ensure that the government collects the true amount of revenue owed from all businesses no matter how big, small, or profitable.

b. Business Payroll Taxes

Because the tax on gross sales is so small, it allows for an expansion of payroll taxes to include an increase in the Medicare obligation, along with a new payroll tax for National Health Care. The proposed payroll taxes would look like this:

- The Medicare obligation will **increase** from 1.45% to 2.8%, and this contribution continues no matter how high the employee's salary might rise too.
- The Social Security obligation will **decrease** from 6.2% to 5.2%. However, since the artificially imposed $110,100 cap on Social Security contributions has been removed, the employer must continue to pay the 5.2% Social Security payroll tax obligation into the Social Security Trust Fund no matter how high the annual wage might increase too.

- A 3% payroll tax for National Health Care has been added.
- Business payroll tax obligations will now total 11%, compared to the current total of 7.65%.

Examples of proposed business payroll tax obligations

Employee Annual Salary	Social Security (5.2%)	National Health Care (3%)	Medicare (2.8%)	Total Annual Payroll Taxes	Monthly Expenditure
20,000	1,040	600	560	2,200	183
30,000	1,560	900	840	3,300	275
40,000	2,080	1,200	1,120	4,400	366
50,000	2,600	1,500	1,400	5,500	458
80,000	4,160	2,400	2,240	8,800	733
100,000	5,200	3,000	2,800	11,000	916

The table below shows the hourly wage increases generated by the proposed payroll taxes. For example, when payroll taxes are added to an employee earning $7.25/hr. under the current system, the employer is actually paying $7.80/hr. In the proposed system, the increased payroll tax obligation raises the hourly wage of an employee making $7.25/hr. to $8.05/hr., an increase of only $0.25/hr. More examples:

Hourly Wage Increase from Proposed Business Payroll Taxes

Current Tax System			***Proposed Tax System***			
Hourly Wage	Payroll Tax	Total/hr.	**Hourly Wage**	**Payroll Tax**	**Total/hr.**	**Increase/hr. vs. current system**
$7.25/hr	7.65%	$7.80/hr	**$7.25**	**11%**	**$8.05/hr**	**$0.25/hr**
8.50	7.65	9.15	**8.50**	**11**	**9.44**	**0.29**
10.00	7.65	10.77	**13.00**	**11**	**11.10**	**0.33**
12.00	7.65	12.92	**12.00**	**11**	**13.32**	**0.40**
15.00	7.65	16.15	**15.00**	**11**	**16.65**	**0.50**
18.00	7.65	19.38	**18.00**	**11**	**19.98**	**0.60**
20.00	7.65	21.53	**20.00**	**11**	**22.20**	**0.67**
25.00	7.65	26.91	**25.00**	**11**	**27.75**	**0.84**
50.00	7.65	53.83	**50.00**	**11**	**55.50**	**1.67**

Business Health Care Obligations

Today, nearly all major corporations contract with private, for-profit health insurance companies to provide health insurance for their employees. The health insurance companies are continually raising prices, and the average annual premiums for employer-sponsored health insurance in 2012 is $5,615 for single coverage, and $15,745 for family coverage.[28] This translates into monthly premiums of $468 for individuals and $1,312 for families.

Because this plan replaces for-profit health insurance companies with National Health Care, business health care obligations will be significantly reduced. For example, if an employee earns $40,000 per

[28] https://kaiserfamilyfoundation.files.wordpress.com/2013/03/8346-employer-health-benefits-annual-survey-summary-of-findings-0912.pdf

year, the corporate health care obligation in this plan would be only $193.33/month, and this includes coverage for the whole family. Also included in this premium is the business Medicare contribution, which is not included in current employer-sponsored health premiums. If it were, it would add another 1.45% to its' cost.

This proposal also eliminates the distinction between an individual and their family, so employers will not be burdened with the higher premiums currently required for family coverage. Their contribution is based solely on the employee's annual gross wage. When viewed from the employer perspective, this represents an enormous and welcomed savings to businesses.

Examples of Proposed Business Health Care Expenditures:

Employee Annual Salary	National Health Care (3%)		Medicare (2.8%)		Total Annual Health Care Costs	Monthly Premium
20,000	600	+	560	=	1,160	$96.90
30,000	900	+	840	=	1,740	145.00
40,000	1,200	+	1,120	=	2,320	193.33
50,000	1,500	+	1,400	=	2,900	241.67
80,000	2,400	+	2,240	=	4,640	386.67
100,000	3,000	+	2,800	=	5,800	483.34

Since this plan requires all businesses to contribute to National Health Care, there will no longer be an incentive for some businesses to reduce their employees to part-time status in order to avoid paying for health care. This levels the playing field for American businesses. And, because employer contributions will be supplemented by individual contributions, and the revenue from Medicare will be incorporated into the National Health Care Trust Fund, National Health Care will be fully funded.

An added benefit from National Health Care is the effect it will have on business worker compensation premiums. Since everyone is now covered by National Health Care, and since it has already been paid for, that portion of the premium dedicated to the injured workers medical care will be eliminated. The money saved by paying this lower premium will present as a giant windfall profit to business. The combination of the small tax on gross sales, the lower premium for workers' compensation insurance, and the savings generated by National Health Care translates into lower overall corporate taxes, and these will be some of the reasons for their acceptance of this plan.

Social Security Obligations

One question that continually perplexes analysts is, "Why do business Social Security contributions stop when salaries reach $110,100?" The current explanation is that contributing to Social Security on salaries over $110,100 places an undue financial burden on a corporation's financial health. This belief is unjustified, and is exposed and rendered moot in this proposal.

Simply argued, a corporation only hires and pays an employee at $110,100 or more if it is successful. If a corporation can afford to hire an employee at a salary of, for example, $250,000, then it can afford to pay the additional $8,674 that would be required if the $110,100 payroll cap was removed. Therefore, the continuing tax obligation to Social Security on salaries over $110,100 does not constitute an undue financial burden to corporations The cap is simply another loophole for corporations to avoid paying their fair share of taxes.

The reality is that corporations do not want to pay taxes. From their perspective, paying taxes lowers profit. The corporate position is simply to lobby congress to change laws and abolish any financial obligation it can legally avoid. From this point of view, it is easy to understand why corporations so strongly support this two-tiered Social Security system. Unfortunately, it creates two unequal contribution levels which inevitably leads to the unfairness that permeates our tax system.

In the case of Social Security, all corporate obligations should be treated equally. This is accomplished by eliminating the artificially imposed cap on wages after which corporate contributions stop. Without this cap, all contributions will be treated uniformly, and the profits corporations make by not paying into the Social Security Trust Fund on salaries over $110,100 will be redirected into the Social Security Trust Fund. Corporations will suffer no ill effects while the new payroll tax revenue will help increase benefits to the recipients of Social Security.

At this point it must be emphasized that even though business payroll obligations have increased from 7.65% to 11%, the savings generated from the Business Gross Sales Tax, combined with the savings produced by replacing for-profit health insurance companies with National Health Care not only offsets the increase, but results in an overall decline in business tax liability. To prove that this is true, please refer to Appendix A to determine taxes owed, and then to Appendix B to compare what you pay in the current system to what you can expect to pay in the proposed system.

c. Foreign Business Taxes

Today, all types of manufacturing and service jobs go to those nations that provide the cheapest labor and least regulation regarding human rights. It goes to countries that provide a business environment that allows for the most profit at the expense of their workers. Often this means the use slave labor, child labor, exploitation of women, unfair wages, and unsafe working conditions to keep costs down.

It also goes to those countries that provide a business environment that allows for the most profit at the expense of the environment. Environmental damage occurs because protection policies are not in place, or, if they are, they are not enforced

Since American manufacturers are forbidden from engaging in such behavior, our production costs are higher. This uneven playing field allows foreign manufacturers to sell their goods and services to us and the rest of the world at cheaper prices. This is their competitive edge.

Outsourcing and its consequences

In search of greater profits, American manufacturers seek out these venues.[29] This is the main reason American jobs are lost to foreign countries and why American workers have no sense of security regarding the jobs they have here. The threat of closing a factory and moving it to a foreign country, where productions costs are based on, among other things, unfair wages, is the leverage used to force down wages and benefits in the United States. This puts enormous pressure on American workers to accept less than just and fair compensation, and work for less than a living wage.

As overseas outsourcing has expanded, U.S. manufacturing has suffered the brunt of the blow. According to a report on outsourcing by Working America, "Manufacturing employment collapsed from a high of 19.5 million workers in June 1979 to 11.5 workers in December 2009, a drop of 8 million workers over 30 years. Between August 2000 and February 2004, manufacturing jobs were lost for a stunning 43 consecutive months—the longest such stretch since the Great Depression."

Manufacturing plants have also declined sharply in the last decade, shrinking by more than 51,000 plants, or 12.5 percent, between 1998 and 2008. These stable, middle-class jobs have been the driving force of the U.S. economy for decades and theses losses have done considerable damage to communities across the country.[30]

[29]http://www.alternet.org/election-2012/inside-bains-chinese-sensata-factories-where-workers-put-12-hour-days-99-135-hour

[30] https://www.americanprogress.org/issues/labor/news/2012/07/09/11898/5-facts-about-overseas-outsourcing/

The solution
The solution to the outsourcing of American jobs to foreign countries are the special taxes found in Section 1.c.iv. These taxes directly target the nefarious conditions used to produce goods and services that American manufacturers cannot compete with, and, when applied, will force foreign production costs too rise.

For example, Section 1.c.iv.1) states, "If the foreign manufacturer pays unfair wages, the tax shall be 50%." (Unfair wages defined as the foreign manufacturer paying less than 80% of wages paid in a corresponding American industry after adjusting for currency differences.)

EXAMPLE:
$1 US Dollar = $10 Foreign Country Dollars
Foreign wage paid to workers shall be at least 80% of U.S. wage in corresponding industry

Wages	Hourly Wage in U.S. Industry	Foreign Manufacturers Minimum Hourly Wage To Avoid Special Tax 1.c.ii.4
Wage 1	$10/hr	$8/hr ($80/hr in Foreign Dollars)
Wage 2	$15/hr	$12/hr ($120/hr in Foreign Dollars)
Wage 3	$20/hr	$16/hr ($160/hr in Foreign Dollars)

If $1US Dollar = $10 foreign currency dollars, and if the prevailing wage in a U.S. industry is $20/hr, then the corresponding wage in the foreign country producing the product must be at least $160/hr in their currency. If a manufacturer is not paying their workers at least $160/hr, then the product they are selling will suffer the 50% penalty. So, if the product being sold into the United States for $1,000 is subject to the 50% penalty, $500 will be paid to the U.S. government prior to clearing customs.

Manufacturers would then have to transfer this $500 tax to the products selling price, and this would make it much more expensive, probably too expensive for the American public to purchase. They would soon realize that paying fair wages cancels outs this tax and facilitates the exporting of their product to the United States, one of the most lucrative markets in the world.

Once American manufacturers realize that there is no longer an advantage to outsourcing labor and service costs to foreign countries, most manufacturing will remain in the United States. The end-result will be millions of good paying jobs remaining in and returning to our country creating benefits to our economy that are virtually incalculable.

Illegal immigration
One of the main reasons people attempt to enter the United States illegally is poverty. The crushing poverty we see in foreign countries centers around the lack of livable wage jobs, and too many of the available jobs have unsafe working conditions, lack healthcare benefits, and exploit women and children. These are the conditions that force workers to look to the United States for the jobs that will support themselves and their families.

The taxes outlined in Section 1.c.iv. address these issues. When implemented, Section 1.c.iv. will ensure fair wages and protections for workers in foreign countries and effectively deal with the problem of child labor. Wages will go up, working conditions will improve, and the exploitation of women and children will diminish. Workers will be able to provide a higher standard of living for their families and their future will be brighter. The resulting decline in poverty will take away the main incentive that encourages millions of immigrants to enter the United States illegally.

Avoiding the special taxes
It should be noted that these special taxes do not have to be incurred. The offending manufacturers have twelve months from the date these taxes are signed into law to change their policies, and if they

do, the taxes are automatically stopped.

For example, if they want to remove the 50% penalty for polluting the environment during the production of iron and steel, they simply manufacture these products under the regulations set forth by the U.S. Environmental Protection Agency. And, once the offending manufacturers are no longer subject to these special taxes, they will only pay the 4% import tax specified in Section 1.c.i.

It must be emphasized that Section 1.c. also bans the importation of all products made using slave labor and/or child labor that is in violation U.S. child labor laws. Therefore, all products that were mistakenly allowed into the United States that were later found to be manufactured under these conditions will be confiscated and destroyed.

The myth of free trade

The critics will immediately complain that the taxes found in Section 1.c.iv. are not the right approach. They will talk of "free trade" as the most plausible way in which to encourage economic prosperity and the transition to democratic values in foreign countries. However, with all the differing trade agreements, built in protections for domestic industries, and uneven enforcement of existing trade agreements, there really is no such thing as free trade.

In fact, it is ironic that the phrase, "free trade" is used at all since it does not really address the issues of, and therefore continues to allow foreign manufacturers to use slave labor, child labor, exploitation of women, unfair wages, unsafe working conditions, and damage to the environment as the cost cutting strategies used to manufacture their products. Until these conditions are eliminated, the critics are, in effect, defending this unjust behavior.

Since free trade (i.e., globalization) has not brought about the changes its proponents have predicted, new tactics must be employed, and these special taxes will lead the way. Once they are signed into law, the twelve-month compliance schedule begins. This ticking clock will create the pressure, both internal and external, on the offending manufacturers to correct their unjust labor policies and environmentally damaging practices, because, if they don't, they will face economic peril.

Individual Taxes

2a. Payroll Taxes

By using the deductions and tax policies imbedded in the tax code, millionaires and billionaires have been allowed to delay or avoid taxes due, and in many cases end up by paying a lower amount or a lower percentage on the income they earn compared to what the average taxpayer pays on the income they make.[31]

For example, by receiving substantial amounts of income from dividends, stock options, capital gains, carried interest, or pass-through income, the wealthy are taxed at varying rates such as: 14.1%[32] 20%,[33] 23.8%[34] and 29.6%.[35] And, even though the IRS has deemed the following as abusive, the ultra-wealthy continue to use tax shelters in their quest to avoid paying taxes, such as Variable Prepaid Forward Contracts, Offshore Tax Havens, Inflated Partnership Basis Transactions (Son of Boss), and *abusive* Roth IRA Transactions.

Contrast this with the average taxpayer who earns most of their income from work wages (ordinary income), and therefore does not make the kind or amount of money necessary to take advantage of the deductions available to the ultra-wealthy. They cannot avoid taxes due, and can be subject to rates as high as 37%. This is not only unfair but illogical.

Since deductions create the biased and skewed tax code that prevents our government from collecting the true amount owed, and since the misuse of the tax code effectively shifts a disproportionate amount of the tax burden onto those who are unable to take advantage of these loopholes - the middle-class and the working poor - it is the tax deduction that must be eliminated in order to create a tax system that is simple and fair.

The solution

The solution to make everyone pay their fair share can be accomplished in three steps:

1. Eliminate personal income taxes.
2. Treat all income equally by eliminating the distinction between ordinary income and investment income.
3. Apply payroll taxes against annual gross income to determine taxes owed.

1) Eliminate personal income taxes

Eliminating personal income taxes removes the need for tax deductions. Without deductions there is no legitimate way to lower the true amount of taxes owed, and takes away the inequities and fraud surrounding the current tax system. Consequently, <u>personal income taxes have been eliminated</u>.

2) Treat all income equally

This plan does away with the artificially created distinction between income derived from labor and income derived from investments. The idea that a doctor, nurse, architect, plumber, electrician, teacher, police officer, firefighter or any other tradesperson could have their income taxed at rates as high as 37%, while income earned by hedge fund managers, real estate moguls, or from capital gains can be taxed at rates as low as 14.1%, or even less, is illogical and inequitable.[36]

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[31] https://abcnews.go.com/Politics/OTUS/romney-paid-required-raising-tax-rate-141-percent/story?id=17291504
Former Presidential candidate Mitt Romney paid only 14.1% on the $22 million he earned in 2011
[32] https://abcnews.go.com/Politics/OTUS/romney-paid-required-raising-tax-rate-141-percent/story?id=17291504
[33] https://www.bankrate.com/investing/long-term-capital-gains-tax/
[34] https://taxfoundation.org/federal-capital-gains-tax-rates-1988-2013/
[35] https://www.thecapitalideas.com/articles/2018-tax-reforms-mean-for-investors
[36] ibid

To illustrate the corrupting influence the tax deduction has on our political process, let us look at the shenanigans surrounding passage of the Tax Cuts and Job Act of 2017. Retiring Senator Bob Corker (R) Tennessee, was the sole Republican Senator to vote against the House version of the bill, publicly stating that he was against it because it would increase the federal deficit.[37] (At that time, the Congressional Budget Office estimated that the bill would increase the deficit by at least $1.4 trillion.[38])

However, at the last moment republicans inserted a special tax break for people like Senator Corker and President Trump who have large real estate investments. This loophole allowed those eligible for the pass-through deduction to take 20% off their taxable income for tax calculation purposes. This meant that if you were subject to the highest tax rate for 2018, 37%, this rule would effectively reduce your tax rate to 29.6%.[39] After this provision was placed into the legislation, Senator Corker reversed his earlier position and voted for the bill allowing it to be signed into law.

Another example of the inequity of our tax system caused by tax deductions pertains to carried interest. "Carried interest is defined as a contractual right that entitles the general partner of a private investment fund (often a private equity fund) to share in the fund's profits. A fund typically uses the carried interest to pass through its net capital gains to the general partner which, in turn, passes the gains on to the investment managers. The managers pay a federal personal income tax on these gains at a rate of only 23.8% (20% tax on net capital gains plus a 3.8% investment tax)."[40] However, had this income been treated as ordinary income, it would have been taxed at up to 37%.

A third example pertains to the ultra-wealthy who live off capital gains. These people pay only 20% on the millions they receive annually, and when combined with other tax loop-holes that permeate the tax code, begins to explain how former Presidential candidate Mitt Romney paid only 14.1% on the $22 million he made in 2011.[41]

Treating all income equally, no matter its source, is the only logical solution to this misuse of the tax code. Therefore, this proposal eliminates the distinction between ordinary income and investment income. They are simply added together to determine annual gross income, and annual gross income is then used as the basis to construct the tax base against which payroll taxes will be applied.

3) Apply payroll taxes against annual gross income to determine taxes owed

In this plan, payroll taxes replace personal income taxes, and are increased for Social Security and Medicare, while new payroll taxes for National Health Care and Public Education have been created. The new and revised payroll taxes are detailed below:

Social Security contributions will <u>increase</u> from 6.2% to:	6.5%
Medicare contributions will <u>increase</u> from 1.45% to:	3.0%
National Health Care	4.5%
Public Education	1.0%
Total Payroll Taxes:	**15%**

[37] https://www.politico.com/story/2017/12/18/bob-corker-tax-bill-kickback-republicans-respond-302482
[38] https://www.cbo.gov/publication/53312
[39] https://www.thecapitalideas.com/articles/2018-tax-reforms-mean-for-investors
[40] htttps://www.taxpolicycenter.org/briefing-book/what-carried-interest-and-how-should-it-be-taxed
[41] https://www.washingtonpost.com/politics/decision2012/romney-earned-nearly-14-million-in-2011-paid-141-percent-tax-rate-campaign-says/2012/09/21/e62e5096-0417-11e2-91e7-2962c74e7738_story.html

The increased and expanded payroll taxes will be applied against the **Total Tax Base** which is constructed from annual gross income as detailed below:

Bracket	**Annual Gross Income**		**Tax**		**Tax Base**
1	$1 – 100,000	x	10%	=	
2	$100,001 – $200,000	x	12%	=	
3	$200,001 – $300,000	x	14%	=	
4	$300,001 – $400,000	x	16%	=	
5	$400,001 – $500,000	x	18%	=	
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,001 and above	x	26%	=	
Total Tax Base					

Payroll taxes will be applied against the Total Tax Base as follows:

Social Security	**(Total Tax Base)**	x	**65%**	=	
Medicare	**(Total Tax Base)**	x	**30%**	=	
National Health Care	**(Total Tax Base)**	x	**45%**	=	
Public Education	**(Total Tax Base)**	x	**10%**	=	
Total Payroll Taxes Owed				=	

EXAMPLE: Assume an individual earns an annual gross income of $320,000.

- In ascending order, separate the annual gross income into the appropriate brackets, multiply by the corresponding tax, and place the results in the **Tax Base** column.
- Add up the results in the tax base column to determine the **Total Tax Base**.

Bracket	**Annual Gross Income**		**Tax**		**Tax Base**
1	*First* $100,000	x	10%	=	$10,000
2	*Second* $100,000	x	12%	=	12,000
3	*Third* $100,000	x	14%	=	14,000
4	*Last* $20,000	x	16%	=	3,200
5	$400,001 – $500,00	x	18%	=	
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,001 and above	x	26%	=	
Total Tax Base				**=**	**$39,200**

The **Total Tax Base**, **$39,200,** is then multiplied by the percentages associated with Social Security (65%), Medicare (30%), National Health Care (45%), and Public Education (10%). These amounts are added together to determine the total payroll taxes owed, as detailed below:

Social Security	**Total Tax Base** ($39,200)	x	65%	=	$25,480
Medicare	**Total Tax Base** ($39,200)	x	30%	=	11,760
National Health Care	**Total Tax Base** ($39,200)	x	45%	=	17,640
Public Education	**Total Tax Base** ($39,200)	x	10%	=	3,920
	Total Payroll Taxes Owed			=	**$58,800**

In this case, a person making $320,000/year would pay only $58,800 in payroll taxes, an actual tax rate of 18.3%.

More examples of proposed individual payroll taxes with actual tax rates:

Annual Gross Income	Medicare	National Health Care	Social Security	Public Education	Total Payroll Taxes Paid	Actual Tax Rate
$30,000	**900**	**1,350**	**1,950**	**300**	**4,500**	**15.0%**
40,000	**1,200**	**1,800**	**2,600**	**400**	**6,000**	**15.0**
50,000	**1,500**	**2,250**	**3,250**	**500**	**7,500**	**15.0**
75,000	**2,250**	**3,375**	**4,875**	**750**	**11,250**	**15.0**
100,000	**3,000**	**4,500**	**6,500**	**1,000**	**15,000**	**15.0**
150,000	4,800	7,200	10,400	1,600	24,000	16.0
250,000	8,700	13,050	18,850	2,900	43,500	17.4
500,000	21,000	31,500	45,500	7,000	105,000	21.0
750,000	37,200	55,800	80,600	12,400	186,000	24.8
1,000,000	56,400	84,600	122,200	18,800	282,000	28.2
5,000,000	368,400	552,600	798,200	122,800	1,842,000	36.8
22,000,000	1,694,400	2,541,600	3,671,200	564,800	8,472,000	38.5

Upon review, you will notice that on income up to $100,000, the actual tax rate is 15%. Since most Americans earn less than $100,000 per year, **most Americans will pay only 15% of their annual gross income in payroll taxes.**

As income rises above $100,000/year, so does the actual tax rate. This corresponds to the 2% increase per $100,000 imposed by the Tax Base on income over $100,000, capped at 26% for those earning over $800,000/year. It is very hard to argue that a tax schedule with such small increases at these levels is a burden on anyone.

Acceptance of this proposal
Most taxpayers will accept their increased payroll tax obligations for three main reasons. First, their overall taxes have been reduced. Second, personal income taxes have been eliminated. And third, they are now the beneficiaries of National Health Care (Section 3.b.), increased Social Security benefits upon retirement (Section 3.a), and superior public schools including free public college or public vocational school for their children (Section 3.c).

When the public realizes that their individual payroll taxes have directly financed the most important elements in their lives, and at the same time reduced their overall living expenses and taxes, they will simply wonder why this proposal had not been adopted earlier. And, since this solution requires everyone's income be taxed through payroll taxes, and since payroll taxes are automatically deducted from the paycheck, compliance becomes almost a non-issue.

For most taxpayers, this means no more major record keeping. No more paperwork. No more strategies designed to avoid paying taxes. No more personal income taxes. It's already been taken care of for you at work. And, since all deductions have been eliminated, and all taxes have been deducted from the paycheck, there is now no legitimate way for individuals to avoid paying their fair share. This means that the bizarre scenario mentioned earlier, where wealthy individuals end up paying a lower amount or a lower percentage on their income than poorer individuals do on theirs, cannot occur.

Let us look at a few examples. Assume a family of four with one wage earner has an annual gross income of $50,000. This family will pay $7,500 in payroll taxes, a tax rate of 15%, and this includes their Social Security and Medicare contributions as well as their new obligations for National Health Care and Public Education.

When compared to the current system, where payroll taxes for Social Security and Medicare total 7.65% of their income, almost doubling payroll taxes to 15% is more than offset by the benefits that accrue to this family. After paying their payroll taxes in the proposed system, they still have $42,500 on which to live, and upon retirement can look forward to increased Social Security benefits while at the same time their living expenses have been reduced because:

- They are no longer paying personal income taxes.
- They are no longer paying monthly health care premiums and therefore no longer responsible for the deductibles, co-payments, prescription medications. and other out of pocket medical expenses associated with private for-profit policies (Section 3.b., National Health Care).
- They can send their children to fully funded public schools which now includes free public college or public vocational school (Section 3.c., Public Education).
- Child day care expenses have been lowered since this plan provides an additional $27 billion to the states for this service. (See Section 8.m)

In our next example, assume a family with one wage earner has an annual gross income of $100,000. They would pay $15,000 in payroll taxes, an actual tax rate of 15%, and this includes their Social Security, Medicare, National Health Care, and Public Education contributions. So, after paying their payroll taxes they still have $85,000 on which to live. Again, their living expenses have been lowered since they are no longer paying income taxes, no longer paying health care premiums or medical bills, their academically qualified children can attend public college or vocational school free of charge, and they will receive increased Social Security benefits upon retirement.

Above $100,000 in annual gross income, the actual tax rate increases. For example, an individual with annual gross income of $250,000 would pay $43,500 in payroll taxes, an actual tax rate of 17.40%. And, someone like former Presidential candidate Mitt Romney who earned $22 million in 2011 but paid only $3,102,000 in taxes (14.1%), would pay $8,472,000 in payroll taxes, an actual tax rate of 38.51%.

Opposition from affected industries

It should be noted that the elimination of personal deductions will draw immediate and intense criticism from several industries. By way of example, let us look at the real estate industry. Here, the claim will be made that the entire industry will collapse without the mortgage interest deduction that has now been taken away. Nothing could be further from the truth.

Most people do not know that the mortgage interest deduction is used by and mainly benefits those that make over $100,000 per year.[42] Since the medium income in 2012 was only $53,891[43], it is hard to see how losing this deduction could possibly bring down the real estate market. Furthermore, the loss of this deduction is more than offset by the benefits that accrue to all citizens which include overall lower taxes and living expenses.

National Health Care

In addition to the Social Security and Medicare taxes individuals are used to paying, this plan requires a new tax to help fund National Health Care (Medicare for all). At the present time, we do not have National Health Care, however, the nation wants National Health Care and is more than willing to pay for it.

In this plan, 7.5% of annual income (3% from Medicare and 4.5% from National Health Care) is dedicated to help realize this goal. And, since the average annual income in 2012 was $53,891, the average National Health Care tax in the form of the "monthly health care premium" will now be only $337/month. Providing full family coverage for such a modest amount is a very small burden that most Americans will readily accept.

Examples of National Health Care's "Monthly Premium"

Annual Gross Income	Medicare (3%)	National Health Care (4.5%)	Annual Cost	**"Monthly Premium"**
$40,000	$1,200	$1,800	$3,000	**$250**
50,000	1,500	2,250	3,750	**312**
75,000	2,250	3,375	5,625	**468**
100,000	3,000	4,500	7,500	**625**

It is important to note that National Health Care means that *everyone* is covered and everyone is covered for all conditions. The peace of mind knowing that the entire family can go to the doctor and not worry about coverage, pre-existing conditions, affordability, or being out of work is worth the small, proportionate obligation that everyone is now required to make. And, since at least 29% of all bankruptcies are due in part to the financial burden directly caused from unmet medical bills, National Health Care helps eliminate a root cause of bankruptcy.[44]

It is also important to point out that since everyone is now pre-paying healthcare costs through payroll taxes, and since payroll taxes are made throughout their entire working career, National Health Care becomes an "entitlement program," but not in a negative sense. In other words, everyone is now entitled to health care services because they paid for it.

Public Education

This plan also creates a 1% payroll tax obligation to help fund public education. This raises $123 billion per year (Appendix F). When combined with the state's reimbursement money earmarked for Public Education from Section 8.d., $185 billion, the money from the Department of Education, $103.3 billion, and the money earmarked within the Department of Agriculture for the National School Lunch Program, $11.6 billion, public education now receives federal funding of $422.9 billion. [

This represents a 3½ fold increase in federal funding, and when combined with state and local revenue, the money necessary to fully fund public education has been achieved. Everyone will now know that all students will attend first rate schools no matter where they live or the income level of

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[42] http://www.cbpp.org/research/mortgage-interest-deduction-is-ripe-for-reform?fa=view&id=3948
[43] http://money.cnn.com/2014/08/20/news/economy/median-income/
[44] http:/www.politifact.com/truth-o-meter/statements/2009/jun/11/chris-dodd/medical-bankruptcy-study-not-clear-cut/

their family. Additionally, all academically qualified students will have the opportunity attend public colleges or public vocational schools free of charge. (Section 3.c Public Education)

Comparing taxes

Most people will find that the taxes they pay in the proposed system will be less that what they pay under the current system, and yet they will receive more benefits. To prove that this is true, refer to Appendix C to determine taxes owed, and Appendix D for the comparison.

2b. Tax Refunds

The final safeguard for taxpayers is the tax refund. Refunds are sent to all eligible taxpayers whose earnings range from less than $11,000 annually for a single person to a maximum of $25,000 for a family of four. Individuals and families who qualify will receive refunds by the 15th of April, based on the gross income from the previous year.

Tax Refund Schedule Based on Annual Gross Income

Refund	1st Person	2 Person Family	3 Person Family	4 Person Family
Base*	$11,000	$15,000	$20,000	$25,000
	Base*	Base*	Base*	Base*
*Base = 10% up to amount cited in each category. No refund s to anyone earning more than $25,000 per year.				

EXAMPLES:

First Person Annual Gross Income	Refund
$9,000 = 10% of $ 9,000	$900
$11,000 = 10% of $11,000	$1,100
$12,000 = 10% of $11,000	$1,100
$20,000 = 10% of $11,000	$1,100
$25,001 and above	No Refund

2-Person Family Annual Gross Income	Refund
$11,000 = 10% of $11,000	$1,100
$15,000 = 10% of $15,000	$1,500
$20,000 = 10% of $15,000	$1,500
$25,000 = 10% of $15,000	$1,500
$25,001 and above	No Refund

3-Person Family Annual Gross Income	Refund
$11,000 = 10% of $11,000	$1,100
$15,000 = 10% of $15,000	$1,500
$20,000 = 10% of $20,000	$2,000
$25,000 = 10% of $20,000	$2,000
$25,001 and above	No Refund

4-Person Family Annual Gross Income	Refund
$11,000 = 10% of $11,000	$1,100
$15,000 = 10% of $15,000	$1,500
$20,000 = 10% of $20,000	$2,000
$25,000 = 10% of $25,000	$2,500
$25,001 and above	No Refund

There are those who will look at this refund schedule and complain that the low-income earners are not paying enough in taxes. This is not true. Like everyone else, the low-income earners pay 15% of their annual gross income in payroll taxes for Social Security, Medicare, National Health Care, and Public Education (Section 2.a.).

However, requiring people who earn less than $25,000 per year to pay 15% of their income in taxes is inherently unfair. After paying their payroll taxes, the low-income earners are simply not left with enough disposable income with which to survive with any sense of security. Additionally, even though these people are living in poverty, they are still subject to state and local taxes.

To help remedy this situation, the tax refund has been created for those who earn less than $25,001 per year. This results in proportional tax representation while not compromising our ability to collect everyone's fair share of taxes.

For example, an individual with an annual gross income of $15,000 would pay $2,250 in taxes but receive a refund of $1,100. This reduced the individuals original payroll tax contribution from 15% to 7.66%. Even after receiving the refund, this person still paid $1,150 in taxes, leaving only $13,850 on which to live. This is a very small amount of money with which to pay rent, utilities, purchase clothing, groceries, and other basic necessities.

A family of four whose annual gross income is $20,000 receives a refund of $2,000, reducing their tax from $3,000 to $1,000, an actual tax rate of 5%. Even after receiving the refund, this family still paid $1,000 in taxes, and has only $19,000 left on which to survive. More examples:

Annual Gross Income	**Individual/Family**	**Total Payroll Taxes Paid**	**Refund**	**Taxes Paid After Refund**	**Actual Tax Rate %**
$11,000	Individual	$1,650	$1,100	$550	5.00
$11,000	Family of 2	$1,650	$1,100	$550	5.00
$13,000	Individual	$1,950	$1,100	$850	6.54
$13,000	Family of 2	$1,950	$1,300	$650	5.00
$15,000	Individual	$2,250	$1,100	$1,150	7.66
$15,000	Family of 2	$2,250	$1,500	$750	5.00
$20,000	Individual	$3,000	$1,100	$1,900	9.50
$20,000	Family of 4	$3,000	$2,000	$1,000	5.00

It is important to note that everyone benefits from this tax reform plan. Whether one earns $9,000 or $1million per year, we are all the recipients of National Health Care, excellent public schools (including free college or vocational school for all academically qualified students), and increased Social Security benefits upon retirement. There are other programs and services available to all citizens, and these are enumerated in Section 8.

3a. Social Security

Social Security is the second most popular government program of all time, and millions of our senior citizens depend on it for their basic needs.[45] However, there is a problem associated with its funding.

In the current funding model, employees contribute 6.2% of their annual gross wage into the Social Security Trust Fund, and this amount is matched by their employer, totaling 12.4%. However, these contributions stop when wages/income reach $110,100. Even though this has produced a surplus of $2.7 trillion, it is only enough to pay out 100% of benefits through 2033, while after that, and for the next 50 years, benefits to recipients will be reduced by 23%.[46]

The numbers

In 2012, the Social Security Trust Fund took in $840,190 million, and had expenditures of $785,781 million. This was enough to add $54,409 million to its year end assets.[47] However, this is not enough to cover 100% of all future obligations because it was based on 12.4% of wages, with a cap on contributions when wages hit $110,100.

Current tax system: 12.4% of wages, with $110,100 cap. This will not be sufficient to pay out 100% of future benefits after 2033.

Year	Total Receipts	Total Expenditures	Net Increase During Year	Asset Reserves at End of Year
2012	840,190	785,781	54,409	2,732,334

It has been determined that to pay out 100% of future benefits without elimninating the cap on contributions, the current level of contributions must be raised from 12.4% to 14.4%.

Current Proposed Solution: Increase contributions to 14.4% of wages while maintaining the cap on contributions.

Year	Total Receipts	Total Expenditures	Net Increase During Year	Asset Reserves at End of Year
2012	975,704	785,781	189,923	2,867,848

However, we should increase benefits upon retirement not only to minimize the effects of inflation, but also to have a better quality of life in our later years. This is accomplished through the reforms found in Section 1.b. and Section 2.a., which, when applied, increases Social Security revenue to such an extent that upon retirement recipients will receive greater benefits.

[45] The most popular program is Medicare. http://www.harrisinteractive.com/NewsRoom/HarrisPolls/tabid/447/ctl/ReadCustom%20Default/mid/1508/ArticleId/257/Default.aspx
[46] http://www.ssa.gov/oact/trsum/
[47] https://www.ssa.gov/oact/STATS/table4a3.html

This Proposals Solution: Payroll taxes of 6.5% from individuals based on annual gross income (see Section 2.a.), and 5.2% from corporations based on employee annual gross salary (see Section 1.b.). <u>There are no caps on contributions from either source.</u>

Year	Total Receipts[48]	Total Expenditures	Net Increase During Year	Asset Reserves at End of Year
2012	1,100,000	785,781	314,219	2,992,114

As you can see, 2012 total receipts generated from this proposals solution, $1,100,000 million, exceeds the amount generated by the proposed 14.4% capped solution by $124,296 million. This translates into a net increase for end of year asset reserves of $2,992,114 million compared to the asset reserves of $2,867,848 million from the 14.4% solution.

Since there were 61.9 million Social Security recipients in 2012,[49] had this solution been in effect at that time, all beneficiaries would have received an averaged increase of $167 per month above the currently promised benefit.

Unequal application of the current Social Security tax
This solution also equalizes the inherently unfair application of the current Social Security tax. Since most Americans earn less than $110,100 per year, most Americans are taxed on 100% of their income. However, as incomes rise above this level, and since the portion of income above this level is not subject to the Social Security tax, the high-income earners become the recipients of a huge tax break, effectively distributing wealth upwards.

For example, someone who earns up to $110,100 per year pays the Social Security tax on 100% of their income while someone who earns $500,000 per year only pays Social Security taxes on the first $110,100 of their income, an actual tax rate of only 22%. This leaves $389,900 not subject to the Social Security tax, saving this person $24,174 in taxes. More examples:

Percentage of Income Currently Subject to the Social Security Payroll Tax (2012)

Annual Gross Income	Income subject to Soc. Sec. Tax	Income NOT subject to Soc. Sec. Tax	Social Security Tax Paid	% of Income subject to Soc. Sec. Tax
$30,000	$30,000	$0	$1,860	100.00%
50,000	50,000	0	3,100	100.00
80,000	80,000	0	4,960	100.00
110,100	110,100	0	6,826	100.00
125,000	**110,100**	**14,900**	**6,826**	**88.08**
150,000	**110,100**	**39,900**	**6,826**	**73.40**
250,000	**110,100**	**139,900**	**6,826**	**44.04**
500,000	**110,100**	**389,900**	**6,826**	**22.02**
1,000,000	**110,100**	**889,900**	**6,826**	**11.01**
5,000,000	**110,100**	**4,889,900**	**6,826**	**2.20**
10,000,000	**110,100**	**9,889,900**	**6,826**	**1.10**
22,000,000	**110,100**	**21,889,900**	**6,826**	**0.50**

[48] See Appendix F
[49] https://www.ssa.gov/policy/docs/chartbooks/fast_facts/2013/fast_facts13.pdf

The inequity of not paying Social Security taxes on income above $110,100 is corrected by removing the artificially created cap on wages/income. This solution also pre-empts the position taken by those who want to either reduce benefits or increase the retirement age of recipients to solve the long-term benefit pay-out problem facing Social Security. As this plan points out, it is not necessary to solve the long-term Social Security benefit pay-out problem by creating more hardship for the poor, the elderly, and the middle class.

Social Security, an entitlement program?

It should be noted that Social Security, like Medicare, has been referred to as an entitlement program. This has come to mean that recipients are receiving something for nothing, something they are not entitled to, some form of welfare. This is factually incorrect. It must be emphasized that Social Security is an insurance program that includes old-age, survivors, and disability insurance (OASDI). The fact that everyone pays into Social Security during their entire working careers means that everyone is "entitled" to the benefits they receive because they paid for it.

For example, former vice-presidential candidate and current Congressman Paul Ryan (R. Wisconsin), paid part of his tuition at Miami University, an Ohio public school, with the Social Security benefits his family received after the death of his father.[50] No one has suggested that his family received some form of welfare, nor has anyone demanded that they pay back the money they received. By extension, no one should be accused of living off government largesse simply because they became eligible for their Social Security benefits.

Should we privatize Social Security?

Social Security is arguably the government's most successful program of all time. For over 75 years it has met all its financial obligations. It has administrative costs of less than 1%, and interestingly enough, can never go broke because its' revenue is based on payroll taxes that everyone now and in the future will continue to pay.[51] Since it is completely self-funded, it has never had to borrow money to meet any of its' financial obligations, and therefore has never contributed to our national debt.

In fact, it is so successful that the government borrows from the Social Security Trust Fund to pay for other government obligations. Therefore, we should scrutinize with great care the plan some politicians are presenting to "save" the future of Social Security due to what they have purposefully mischaracterized as an insolvency problem. That is factually incorrect. Since Social Security can never go broke, what it has is a future benefit reduction problem, not a solvency problem.

To remedy this fabricated crisis, these politicians want to "privatize" part of Social Security's funding structure. They claim that to save Social Security from bankruptcy we must privatize a portion of Social Security's funding so that at retirement time younger workers will receive the retirement benefits they allege Social Security will be unable to provide.

In their contrived solution, privatizing Social Security means diverting the first 65% of the workers 6.2% payroll tax contributions into private accounts. These are accounts in which the average person is supposed to be able to manage their portfolio to bring about monetary gains that at time of retirement would be greater than the payments guaranteed to them by Social Security. This is nonsense. Since professional financial planners will not provide this guarantee, how can anyone believe that those with the least experience in financial matters will be capable of pulling off such an accomplishment?

It is interesting to note that none of the politicians who promote this course of action have ever offered any empirical evidence to show that their plan will actually work. The only outcome that can be predicted with any degree of certainty is that the institutions that maintain these privatized

[50] https://www.politico.com/story/2012/08/10-facts-about-paul-ryan-079592
[51] https://www.ssa.gov/oact/STATS/admin.html

accounts will make money. They will make billions on the millions of privatize accounts by charging the investor set-up, custodial, and administrative fees. They will also make money on the transactions that take place in the account. It is great for them, however, there is no guarantee that the investor will make any money, and the very real possibility that they will lose a significant portion of their savings.

The effect of privatization on the Social Security Trust Fund

Diverting 65% of the employees 6.2% payroll tax contribution to private accounts means that 32% of the money currently ear-marked for the Social Security Trust Fund will no longer be there.[52] This does nothing to solve the future benefit reduction problem facing Social Security. In fact, diverting this money to private accounts actually ***creates*** the funding problem that will bankrupt Social Security.

The act of diverting 32% of Social Security's funding from the common pool of money used to pay out current retirees' benefits means that this newly created shortfall will have to be covered by borrowed money. The analysts are saying that the government will have to borrow between one and ten trillion in the short run to make up for this lost revenue, and this borrowed money will be added to our national debt. Again, this course of action not only does not solve the future benefit reduction problem facing Social Security, but actually creates the scenario for bankrupting Social Security in the future.

Lessons from the past

Because our economy is cyclic, the most recent economic collapse will inevitably happen again and if we were to privatize Social Security, the same economic calamity that wiped out between 40% and 60% of the value of our already existing private retirement accounts would befall the newly privatized portion of Social Security.[53] This financial hit would immediately impact millions of senior citizens the consequences of which could likely include homelessness and starvation on a massive scale.

As if this was not bad enough, the consequences to the Social Security Trust Fund would be even worse. Please note that if only 1% of payroll taxes had been diverted to private accounts in 1998, Social Security would have become insolvent by 2015.[54]

Therefore, to prevent the collapse of this social safety net and to ensure Social Security's ability to pay out 100% of benefits in the future, we need to prevent the privatization of Social Security while at the same time adding to its asset reserves.

Stop raiding the Social Security Trust Fund

There is one final point that must be emphasized. The IOU's placed into the Social Security Trust Fund as the promissory note for money borrowed is not good fiscal policy. We must learn to live within the budget revenues raised from other forms of taxation without in any way counting on Social Security's assets. Therefore, this proposal forbids the government from borrowing from the Social Security Trust Fund to pay for other obligations.

[52] Employer and employee contributions currently total 12.4%. Therefore, 4% /12.4% = 32%
[53] Referring to the subprime mortgage crisis starting in 2007.
[54] Barry P. Bosworth and Gary Burtless, "Privatizing Social Security: The Troubling Trade-Offs," brookings.edu, Mar. 1997

3.b. National Health Care (Medicare for All)

National Health Care is simply an extension of Medicare, the government's most popular program of all time.[55] However, there are several problems associated with Medicare, and they are:

1. Only those ages 65 and over are eligible for Medicare coverage.
2. There are items and services that Medicare does not cover. These include:
   - Long Term Care (also called custodial care).
   - Most dental care.
   - Dentures.
   - Eye examinations related to prescribing glasses.
   - Acupuncture.
   - Hearing aids and exams for fitting them.
   - Routine foot care.
3. It is not sufficiently funded.
4. Many doctors do not take Medicare insurance due to excessive paperwork and poor compensation.
5. Medicare is currently prohibited by law from using its bulk purchasing power to negotiate for the lowest prices on prescription medications.
6. It limits alternative medical options for its patients.

These shortcomings can be resolved by reforming and expanding Medicare into National Health Care, the only logical alternative to our present-day health care delivery system.

History

For over 50 years, most Americans have relied on for-profit health insurance companies for their health care needs. We have had the time, experience, and data to answer the three key questions and they are: Has for-profit health insurance worked for a majority of Americans in the past? Is it working in the present? Is it likely to work in the immediate future?

The answer to all three questions is no, and the reason for this is very simple. The business model under which health insurance companies operate is incompatible with delivering high quality care at affordable prices. As for-profit corporations, they are required to always maximize profits. To accomplish this goal, health insurance companies take in as much money as possible in the form of premiums, and pay out as little money as possible in the form of claims. This automatically puts them in conflict with the purpose of health care, which is to provide the best medical care for the patient.

To make as much profit as possible, health insurance companies engage in many horrific business practices. These include:

- Increasing premiums while decreasing coverage.
- Increasing deductibles to avoid paying claims.
- Increasing out-of-pocket expenses to avoid paying claims.
- Denying claims and services their subscribers are rightfully entitled to.
- Conveying to their subscribers a false sense of security. Health insurance companies are notorious for promoting the impression that their subscribers are covered for many conditions and services when in fact they are not. Many

[55] http://www.harrisinteractive.com/NewsRoom/HarrisPolls/tabid/447/ctl/ReadCustom%20Default/mid/1508/ArticleId/257/Default.aspx

subscribers find out too late that they are under-insured and therefore subject to financial ruin due to medical conditions or emergencies beyond their control. In fact, unmet medical obligations are a major component in over 29% of all bankruptcies.[56]

With passage of the Affordable Care Act (ACA), a few of their more egregious business practices were eliminated. These included the use of pre-existing conditions as the basis for the denial of insurance, capping lifetime benefits that could be paid out for medical conditions, and preventing children from staying on the family insurance plan after they reach 21 years of age. However, since the ACA did not address the issues of premiums, deductibles, and co-payments, health insurance companies have raised them without restraint. And, since it did not sufficiently address the issue of doctor or hospital charges, outrageous medical bills continue to plague our citizens.

Since the ACA only covered those under age 65 who earn at or below 138% of the Federal Poverty Level (FPL), approximately 27 million people in our country still have no health insurance.[57] This forces the uninsured to forgo regular medical services and instead seek emergency care when their conditions deteriorate. The cost for these emergency services is then passed on to the insured in the form of higher premiums, and to the public in the form of higher taxes. Additionally, this lack of health insurance results in the deaths of at least 26,000 people per year.[58]

It is important to point out that there are millions of Americans that do not qualify for federal assistance. These people may or may not have acquired health insurance, but for those who do, many are fearful of using it. For example, in Los Angeles, CA, a healthy single 55-year-old man with a 23-year-old son maintains an Anthem Bronze Pathway EPO. He pays a monthly premium of $501 which comes with a $6,250 annual deductible.

When he or his son get sick, they must decide up front if the medical condition is of sufficient importance to go to the doctor. This hesitation is due to the fact that until the deductible is met in full, they are the ones paying the doctors in-network negotiated price along with the monthly premium and co-payment. Even worse, if they go to a practitioner that is out-of-network there is a separate deductible (usually much higher than the in-network deductible), and until this second deductable is met, they have to pay this practitioner’s full price, along with the monthly premium and co-payment.

Of course, their decision to seek medical help sometimes requires medical knowledge they do not have, and the decision not to go to the doctor migh t lead to a more serious condition that could have been prevented had they gone to the doctor in the first place. This type of built-in disincentive is great for the insurance companies who want to collect premiums without paying claims, but is not good for their subscribers. (For a more in-depth discussion on the fear and consequences of going to the doctor refer to the following articles.[59] [60] [61])

Lack of competition

As if this was not enough, the ACA did not address the anti-trust status enjoyed by the health insurance industry. As a result, 72% of total metropolitan areas lack significant health insurer

[56] http:/www.politifact.com/truth-o-meter/statements/2009/jun/11/chris-dodd/medical-bankruptcy-study-not-clear-cut/
[57] https://www.kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/
[58] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2323087/
[59]http://www.prnewswire.com/news-releases/survey-reveals-one-in-five-insured-americans-avoid-seeing-a-doctor-due-to-fear-of-cost-300024107.html
[60]http://www.npr.org/sections/health-shots/2016/03/08/468892489/medical-bills-still-take-a-big-toll-even-with-insurance
[61] https://www.disabled-world.com/disability/statistics/seeing.php

competition, 17 states have a single insurer with more than a 50% market share, and 45 states have only two dominant health insurers. This leads directly to local market monopolies.[62]

US Healthcare Compared to Other Industrialized Countries

Because of the problems associated with our for-profit health care system, we find ourselves ranked worst when compared to other industrialized nations who provide health care for their citizens. The U.K. was ranked best with Switzerland following a close second.[63] Additionally, the U.S. spends more per person on health care than comparable countries. In 2016, health care spending per person in the U.S. was $10,348 – 31% higher than Switzerland, the next highest per capita spender. Other wealthy countries spend about half as much per person on health care as we do,[64] and yet:

- We have the lowest life expectancy.
- We have the highest suicide rates.
- We have the highest burden from chronic disease.
- Our obesity rate is two times higher than the OECD average.
- We have fewer physician visits which may be related to a low supply of physicians.
- We have among the highest number of hospitalizations from preventable causes.
- We have the highest rate of avoidable deaths.[65]

Furthermore, merely having a for-profit health care system adds a minimum of 20% in administrative costs that are then passed on to subscribers and taxpayers.[66] Contrast this with not-for-profit Medicare whose administrative costs are less than 2%.[67]

Short summary

After reviewing the above facts, it becomes clear that our current for-profit health care system has failed. This failure justifies the demand for an alternative health care delivery system, and so far, the only logical solution that has ever been proposed is to expand the single-payer program known as Medicare into National Health Care. The two key questions are: “What will National Health Care cover?” and “How do we pay for it?”

What will National Health Care cover?

National Health Care is simply an expanded version of Medicare, the single-payer system that takes care of our senior citizens. It will allow <u>everyone</u> to see the doctor without regard to age, pre-existing conditions, premiums, co-payments, or deductibles. No one can be denied services simply for contracting an expensive disease or needing an expensive procedure, and no one can be denied medical services if they are indigent, between jobs, change jobs, or have retired. Simply put, National Health Care will provide everyone with all medically necessary services including long-term care, mental health care, dental, eye, and hearing care, and alternative medicine. And, unlike private, for-profit insurance, cannot be taken away by your employer or your health insurance company.

Alternative medicine

Creating the legal framework for doctors and other health care practitioners to prescribe alternative medical options is one of the most significant reforms of this plan, and can be found in Section 3.b.ii.4, which states:

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[62] http://marketrealist.com/2015/02/health-insurance-monopolies-need-know/
[63] http://time.com/2888403/u-s-health-care-ranked-worst-in-the-developed-world/
[64]https://www.healthsystemtracker.org/chart-collection/health-spending-u-s-compare-countries/#item-average-wealthy-countries-spend-half-much-per-person-health-u-s-spends
[65] https://www.commonwealthfund.org/publications/issue-briefs/2020/jan/us-health-care-global-perspective-2019
[66] http://economix.blogs.nytimes.com/2008/11/21/why-does-us-health-care-cost-so-much-part-ii-indefensible-administrative-costs/?_php=true&_type=blogs&_r=

> "A practitioner of traditional or alternative medicine, registered by an appropriate government authority, who engages in medical or nutritional therapy or in any relevant health procedure, including the recommendation or sale of health supplements, that departs from orthodox or conventional medical treatment, shall not be found to be unqualified, unprofessional, negligent nor guilty of assault upon a patient, nor be denied the right to pursue her or his professional practice or livelihood, solely on the basis that the therapy employed is an alternative remedy, or is non-traditional or departs prevailing orthodox medical treatment, unless it can be conclusively demonstrated that the therapy has a safety risk for a particular patient unreasonably greater than the traditional or prevailing treatment usually employed for the patient's ailment."[68]

Alternative medical options will allow patients the choices they wanted but were denied under Medicare, and allow health care practitioners the right to prescribe the procedures and supplements they feel are in the best interests of their patients. It will also help drive down the costs of healthcare.

Financing National Health Care

National Health Care will be financed by incorporating Medicare's increased funding with the revenue raised from the new payroll tax for National Health Care. The combination of Medicare and National Health Care payroll taxes will raise $1.257 trillion per year as detailed below: [69]

National Health Care Payroll Tax	**Sub-totals**	**Total Revenue Generated**
Individual contributions (4.5%)	555 ($bn)	
Business contributions (3.0%)	172	
Sub total	727 ($bn)	$727 ($bn)
Medicare Payroll Tax		
Individual contributions (3.0%)	370	
Business contributions (2.8%)	160	
Sub total	$530 ($bn)	$530 ($bn)
	Total annual revenue	**$1.257 trillion**

As you read on, you will see that the reforms set forth in this proposal will reduce health care costs by 50%. These savings are detailed below:

Reform	**Savings**
Single-payer system [70]	20%
Unnecessary tests and procedures [71]	20%
Preventive Care, Diet, Lifestyle	5%
Lower costs of Prescription Drugs	5%
Total Savings	**50%**

[68] Howard W. Pollock, first Republican U.S. Congressman from Alaska.
[69] See Appendix F
[70] http://economix.blogs.nytimes.com/2008/11/21/why-does-us-health-care-cost-so-much-part-ii-indefensible-administrative-costs/?_php=true&_type=blogs&_r=0
[71] http://hip.stanford.edu/documents/Seven-Ways-Reduce-Unnecessary.pdf
https://www.medscape.com/viewarticle/879281

In 2012, US health care expenditures totaled $2.8 trillion.[72] Since this plan will reduce health care costs by 50%, only $1.4 trillion will be needed to fully fund National Health Care. However, because this plan raises only $1.257 trillion from payroll taxes, health care funding will be short by $0.14 trillion ($140 billion). The structured implementation of National Health Care solves this problem.

Implementation of National Health Care

This proposal allows 10 years for the implementation of National Health Care. The first five years are dedicated to updating the technical and administrative functions necessary to transition from for-profit health insurance to Medicare for All, and this includes the production of a nationwide data base to prevent duplication of services. Then, the enrollment of our population will begin as per the schedule below:

Ages	Year
Birth-19	6
55-65	7
55-65	8
40-54	9
20-39	10

This first five-year period will also allow the $1.257 trillion raised annually for National Health Care to cover the federal governments annual Medicare and Medicaid obligations: $580 billlion for Medicare and $416.8 billion for Medicaid.[73] This totals $996.8 billion, and subtracting $996.8 billion from the $1.257 trillion raised leaves a surplus of <u>$260 billion</u> which will then be left to grow in the National Health Care Trust Fund.

After this first five-year transition period has ended, the National Health Care Trust Fund surplus will have grown to $1.3 trillion. In the sixth year, when the $1.257 trillion raised annually is added in, the fund will rise to $2.557 trillion. This revenue will then be used to cover our continuing commitments to Medicare and Medicaid, along with the first group's entry into Medicare for All, children from birth through age 19.

In the seventh year, the first half of the 55-65-year-olds will join the program. And, over the following three years the remainder of our population will be added. Please note that expenditures for diet related diseases will have declined because the cause of diet related diseases has been addressed via changes to the diet and nutritional supplementation,[74] and this reform was implemented immediately upon passage of this proposal.

Also, during the first five-year transition period negotiations to lower the cost of prescription medications will have been successfully completed, and the reduction in unnecessary tests and procedures will have been implemented. These reforms, along with the 20% administrative savings realized simply by transitioning to a single-payer system,[75] will eventually cut our health care costs by a minimum of 50%.

Update: The implementation schedule cited above was constructed to show how National Health Care could be introduced over a 10-year period without creating any debt. However, if demand for the immediate enactment of National Health Care is strong enough, i.e. considered a national

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[72]https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/downloads/proj2012.pdf See Table 1, page 5

[73]https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/downloads/proj2012.pdf

[74] See Section 3.b., National Health Care - Reducing health care costs by changing the diet, and Section 3.c., Public Education – Student Lunch Program.

[75] http://marketrealist.com/2015/02/health-insurance-monopolies-need-know/

priority, Congress could immediately begin the enrollment process and cover the expense from the general fund.

This funding can be justified by noting that in 2008, Congress bailed out the banks by creating the money necessary to meet the subprime mortgage crisis: "The Special Inspector General for TARP summary of the bailout says that the total commitment of government is $16.8 trillion dollars with $4.6 trillion already paid out."[76]

In 2017, Congress passed the Tax Cuts and Job Act of 2017 even though it added $1.9 trillion to the national debt,[77] and Congress just authorized over $2.6 trillion for Covid-19 relief.[78] Furthermore, every year congress allocates hundreds of billions of dollars for defense spending and no one ever questions where this revenue is going to come from. This shows that where there is the political will to get something done it can happen.

Acceptance of this plan

The new payroll tax for National Health Care will be accepted by a majority of the public because this tax, combined with their Medicare obligation, is lower than, and replaces, the much more expensive health insurance premiums currently in play. And, unlike existing health insurance plans, has no co-pays, deductibles or other out-of-pocket expenses. Since most Americans earn less than $100,000/year, most Americans will end up paying half of their 15% payroll taxes (4.5% for National Health Care, and 3% for Medicare) to help fund Medicare for All.

Examples of National Health Care's "Monthly Premium"

Annual Gross Income	Medicare (3%)	National Health Care (4.5%)	Annual Cost	**"Monthly Premium"**
$40,000	$1,200	$1,800	$3,000	**$250**
50,000	1,500	2,250	3,750	**312**
75,000	2,250	3,375	5,625	**468**
100,000	3,000	4,500	7,500	**625**

When the public realizes that their expanded payroll taxes have been more than offset by the elimination of personal income taxes, that they are now receiving full family coverage through National Health Care, that Social Security benefits have increased, and college and vocational school are now free, most people will simply wonder why this plan had not been adopted earlier.

Reducing costs by paying less for prescription medications

For National Health Care to become affordable, significant cost savings must take place, and the first order of business is to undo the work of former Representative William J. "Billy" Tauzin (R-LA). He led the republican effort that prohibited Medicare from using its bulk purchasing power to negotiate for the lowest prices on prescription medications.[79] [80] And, as part of their crony capitalism scheme, refused to put in any form of price controls on the medications the pharmaceutical industry sells to Medicare.

As a result of this illogical and corrupt policy, the cost of medications seniors rely on keeps rising and creates medical situations where horrific choices must be made. "We see patients who can't take

[76] https://www.forbes.com/sites/mikecollins/2015/07/14/the-big-bank-bailout/#1f22a8c62d83
[77] https://www.cbo.gov/publication/53787
[78] https://www.usaspending.gov/disaster/covid-19
[79]http://medicalsupplychain.com/pdf/Medicare%20Part%20D%20Reform%20&%20Coruption%20Issues.pdf
http://billmoyers.com/story/the-man-who-made-you-pay-more-at-the-drugstore/l
[80] For his efforts, Mr. Tauzin was rewarded with a two million dollar per year job as president of the Pharmaceutical Research and Manufacturers of America https://www.nytimes.com/2010/02/13/health/policy/13pharm.html

the full dose. They cut their pills in half. They skip doses. People with diabetes who don't take the required amount of insulin to manage their Type 1 diabetes let their blood sugars spike dangerously before they take an injection, because they can't afford it. People with rheumatoid arthritis who have terrible pain because they can't take the full dose required to manage that disease. People are angry, and they're hurting, and they don't understand how this could be happening to them in the United States of America." [81]

This does not happen in countries that have government run health care because these countries negotiate directly with pharmaceutical companies for bulk purchase discounts. Thus, the same prescription drugs — manufactured in the same factories, by the same companies — are available to their citizens for a fraction of the price charged to the American consumer.

For example, in 2014, where we spent on average $1,112 per person on prescription drugs, Canadians spent only $772.[82] And, because the drug companies in the United States are allowed to gauge our senior citizens without restraint, the purchase of a 10 ml bottle of insulin for type 1 diabetes that costs $450 in the United States costs only $21 for a comparable bottle in Canada.[83]

The prohibition against negotiating bulk purchase discounts combined with escalating out-of-control price increases has cost the American taxpayer between $200 billion[84] and $534 billion.[85] Section 3.b.v.5.a. rectifies this problem by creating a special committee charged with negotiating for the lowest prices on all prescription medications.[86] And, it should be pointed out that the reward former Congressman Tauzin (R-LA) received for doing the bidding of the pharmaceutical industry was to become their chief lobbyist at a salary of $2 million/year.

Incidentally, because The Department of Veterans Affairs is <u>not</u> prohibited from using its bulk purchasing power to negotiate with the pharmaceutical industry, it acquires the same prescription medications Medicare uses but at 40% less than Medicare pays for them.[88]

Administrative savings

More significant savings will occur simply by transitioning to National Health Care. Since National Health Care is a single-payer system, our government will replace the middleman role played by for-profit health insurance companies. The government will become the sole administrator collecting premiums in the form of payroll taxes, and issuing payments to the medical profession for the products and services they provide.

Removing the intermediary role played by health insurance companies eliminates many of the costs associated with operating a for-profit business. These include marketing, promotions, advertisements, commissioned sales people, and redundant office buildings and bureaucracies. The single-payer system also eliminates the need to make giant profits that go back to shareholders in the form of dividends, and to the top executives in the form of salaries and bonuses.

It is important to note that health care industry spending on marketing increased sharply over the past two decades, rising from $17.7 billion in 1997 to $29.9 billion in 2016.[89] And, pertaining to executive compensation, "Nearly all of the largest publicly traded health insurance companies gave

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[81] Ibid
[82] https://www.drugwatch.com/featured/us-drug-prices-higher-vs-world/
[83] https://www.drugwatch.com/featured/us-drug-prices-higher-vs-world/
[84] http://www.medicareadvocacy.org/2011/06/09/so-what-would-you-do-real-solutions-for-medicare-solvency-and-reducing-the-deficit
[85] www.medicalsupplychain.com/pdf/Medicare%20Part%20D%20Reform%20&%20Coruption%20Issues.pdf
[86] www.medicalsupplychain.com/pdf/Medicare%20Part%20D%20Reform%20&%20Coruption%20Issues.pdf
[87] https://billmoyers.com/story/the-man-who-made-you-pay-more-at-the-drugstore/
[88] http://theincidentaleconomist.com/wordpress/what-if-medicares-drug-benefit-was-more-like-the-vas/
[89] https://jamanetwork.com/journals/jama/fullarticle/2720029

their CEOs a pay raise in 2018. That includes United Health Group, whose CEO David Wichmann's total compensation reached $18.1 million.[90] Meanwhile, those same companies recorded a combined $21.9 billion in profits in 2018 on revenue of $718 billion." [91]

Other examples include CVS Health which bought Aetna late last year, and paid CEO Larry Merlo $21.9 million, an increase of 79% over the year before,[92] and "Medicaid managed-care insurer WellCare Health Plans paid CEO Kenneth Burdick $12.7 million in 2018, which is the least of all the insurance company CEOs. Nevertheless, his total compensation increased 11.9% over 2017. His realized pay soared 130.4% to about $21 million. Burdick made about 156 times the median employee salary at WellCare." [93]

These enormous profits, excessive salaries, and bonuses can only be realized by adhering to the underlying principle under which for-profit health insurance companies operate: "Bring in as much money as possible in the form of premiums, and pay out as little money as possible in the form of claims." Of course, it is their subscribers, i.e. the patient, that must be short-changed and suffer in order for this kind of money to be made. Therefore, it is imperative that the for-profit motive that health insurance companies operate under be removed so that the pain, suffering, and excessive costs our citizens are subjected to can be eliminated. Transitioning to the single-payer program known as Medicare for All solves this problem.

Exorbitant hospital charges

Health insurance companies are not the only ones responsible for driving up health care costs. The hospital industry also contributes to this crisis. Since their fiduciary obligation requires them to make as much profit as possible, they run up patient bills to satisfy this requirement. Anyone who looks at a hospital bill is familiar with the over-inflated charges for the medicine patients receive, the services provided in the hospital, for time spent in the hospital, and for the administrative charges tacked on apparently just for processing the bill. And, they are constantly inventing new ways to game the system.

For example, investors, hospitals, and corporations that own hospitals purchase individual practices, clinics, and other medical facilities and redefine them as extensions of the primary hospital. When a patient enters one of these newly acquired facilities (which they thought was their old doctors' office), they have no way of knowing that they will now be billed as if they had entered a hospital. The unsuspecting patient now becomes the victim of the insanely high hospital and administrative charges they would have incurred had they gone to and/or been treated in an actual hospital, along with the regular doctor bill. This egregious behavior has been prohibited by Sectio n 3.b.v.6.

Hospital consolidation: Driving up costs by limiting competition

Health care costs are also artificially increased due to consolidation within the hospital industry. In an article entitled, *High and Rising Health Care Costs. Part 1: Seeking an Explanation*, author Thomas Bodenheimer, MD writes:

> "Market power is the ability of a seller to raise prices without losing customers (58). Hospitals have market power if they can raise rates without losing insurance contracts. As hospitals consolidated and competition waned, hospitals gained market power and prices of hospital care shot back up (59–61). In 1 study, the merger of 2 competing hospitals led to price increases of 20% to 40% (62)"[94]

[90] https://www.modernhealthcare.com/insurance/health-insurer-ceos-score-big-paychecks-despite-public-scrutiny
[91] https://www.modernhealthcare.com/insurance/health-insurer-ceos-score-big-paychecks-despite-public-scrutiny
[92] https://www.modernhealthcare.com/insurance/health-insurer-ceos-score-big-paychecks-despite-public-scrutiny
[93] https://www.modernhealthcare.com/insurance/health-insurer-ceos-score-big-paychecks-despite-public-scrutiny
[94] http://annals.org/article.aspx?articleid=718406

Section 8.k.ii. solves this problem by constructing 37 new Public Medical Center Teaching Hospitals, and 202 new State or County owned General Acute Care hospitals. This will improve access to medical care throughout America, including rural and remote areas, and increase in-patient capacity by over17,000 beds. This will automatically bring down the cost of health care.

Controlling costs by reforming fee-for-service billing and eliminating unnecessary tests and procedures.

"One of the key reasons for the high level of health care spending and its rate of growth is the predominance of the fee-for-service payment system, which rewards quantity over quality, especially for high-cost, high-margin services. Under this system, health care insurers, including Medicare and Medicaid, pay doctors, hospitals, and other health care providers separately for different items and services furnished to a patient. As of 2008, 78 percent of employer-sponsored health insurance was fee-for-service.

"Fee-for-service payments drive up health care costs and potentially lower the value of care for two main reasons. First, they encourage wasteful use, especially of high-cost items and services. Second, they do nothing to align financial incentives between different providers. As a result, patients receive care that they do not need and may not want, and health care providers may not be on the same page about what type of care the patient should receive. It is not just insurers who bear these unnecessary costs: These costs raise premiums, deductibles, and cost-sharing for all health care consumers.

"Moreover, the fee-for-service system does nothing to encourage low-cost, high-value services, such as preventive care or patient education—even if they could significantly improve patients' health and lower health care costs throughout the system." [95]

To help reign in the escalating, out of control costs associated with our current fee-for-service system, Section 3.b.xi.5 implements the recommendations of George D. Lundberg, M.D.,[96] those championed by the Choosing Wisely campaign,[97] and those presented in the report by Maura Calsyn and Emily Oshima Lee - highlighting the reduction in costs associated with bundled payments, patient-centered medical homes, and accountable organizations.[98]

As Dr. Lundberg stated, "Fee-for-service incentives are a key reason why at least 30% of the $2.5 trillion expended annually for American health care is unnecessary. Eliminating that waste could save $750 billion annually with no harm to patient outcomes."[99] Additionally, a nation-wide data base has been created to eliminate duplicate testing.

To ensure compliance with these new regulations, Section 3.b.v.5.e, assesses monetary penalties against those institutions and physicians who run up their fees by ordering unnecessary tests and procedures. These fines are not allowed to be discharged in bankruptcy filings, and in cases where excessive billing rises to the level of fraud, the perpetrators will be incarcerated.

Reducing health care costs by changing the diet

The most obvious and cost-effective way to lower healthcare costs is for the population at large to become healthier, and **changing the dietary habits** of our society is the best first-step we can take to accomplish this goal.

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[95] https://www.americanprogress.org/issues/healthcare/reports/2012/09/18/38320/alternatives-to-fee-for-service-payments-in-health-care/

[96] http://hip.stanford.edu/documents/Seven-Ways-Reduce-Unnecessary.pdf
https://www.medscape.com/viewarticle/879281

[97] http://www.health.harvard.edu/blog/doctor-groups-list-top-overused-misused-tests-treatments-and-procedures-201204054570

[98] https://cdn.americanprogress.org/wp-content/uploads/2012/09/FeeforService-1.pdf

[99] http://hip.stanford.edu/documents/Seven-Ways-Reduce-Unnecessary.pdf
https://www.medscape.com/viewarticle/879281

The majority of Americans eat too many highly processed meals that are not only deficient in nutrients, but also contain excess amounts of sugar, fat, salt, trans-fats, high-fructose corn syrup, artificial sweeteners, artificial preservatives, artificial dyes, growth hormones, antibiotics, GMO's, insecticides, pesticides, fungicides, and MSG. Since these ingredients are major contributors to the obesity, diabetes, heart disease, cancer, and other diseases we see in children and adults, we can state that most Americans eat foods that promote disease. We can also say that foods that promote disease costs us trillions of dollars in unnecessary healthcare expenditures for the treatment and care of diet related diseases.

For example, as noted in the following chart, the annual cost of four diseases associated with the consumption of disease promoting foods is a staggering $1.143 trillion. And, this is why foods that contain ingredients that promote disease have been banned and prohibited from being served to those under the custody of National Health Care, and to students fed through the Student Lunch Program.

Disease	Annual Cost
Obesity[100]	200 ($bn)
Diabetes[101]	245
Heart Disease[102]	555
Cancer[103]	143
Total	**1.143 ($tr)**

Obesity - a food and lifestyle problem

The human species has evolved over millions of years, and in all that time obesity was never a problem. However, it became a nationwide problem beginning in the mid 1970's, and because it began in the mid 1970's, we can state with certainty that this epidemic was not caused by a sudden breakdown in our basic biology. Our genes did not suddenly fail us, the origin of obesity is certainly not genetic.

The real cause of obesity is obvious. In general, it comes from a sedentary lifestyle that includes consuming too many highly processed meals that are not only devoid of nutrients, but also contain toxic ingredients, and excessive amounts of sugar, fat, and salt.

In terms of children and adolescents ages 2-19 years[1]:

- The prevalence of obesity is 18.5% and affects about 13.7 million children and adolescents.
- Obesity prevalence was 13.9% among 2- to 5-year-olds, 18.4% among 6- to 11-year-olds, and 20.6% among 12- to 19-year-olds. Childhood obesity is also more common among certain populations.
- Hispanics (25.8%) and non-Hispanic blacks (22.0%) had higher obesity prevalence than non-Hispanic whites (14.1%).
- Non-Hispanic Asians (11.0%) had lower obesity prevalence than non-Hispanic blacks and Hispanics.[104]

[100] http://www.obesitycampaign.org/obesity_facts.asp245
[101] https://www.healthline.com/health-news/diabetes-could-top-336-billion-by-2034#4
[102] https://healthmetrics.heart.org/wp-content/uploads/2017/10/Cardiovascular-Disease-A-Costly-Burden.pdf
[103] https://onlinelibrary.wiley.com/doi/full/10.1002/cncr.29883
[104] https://www.cdc.gov/obesity/data/childhood.html

In terms of adults:

- The prevalence of obesity was 39.8% and affected about 93.3 million of US adults in 2015~2016. [Read CDC National Center for Health Statistics (NCHS) data briefCdc-pdf PDF-603KB]
- Obesity-related conditions include heart disease, stroke, type 2 diabetes and certain types of cancer that are some of the leading causes of preventable, premature death.[105]

Four of the ingredients that contribute to the obesity epidemic as well as other diseases are refined sugars and grains, high fructose corn syrup (HFCS), and the artificial sweetener aspartame.

Refined sugars and grains

Two hundred years ago, the average American consumed only 2 pounds of sugar per year. By 1970, it was 123 pounds. And today, the average American consumes almost 152 pounds of sugar per year. This is equal to 3 pounds (or 6 cups) of sugar consumed every week.[106] However, this is not the natural sugar found in foods like sugarcane, fruit, honey,[107] berries, and maple syrup.[108] [109] Instead, the sugars we actually consume come mostly from refined sugars and grains.

In their natural state, wheat and sugarcane contain vitamins, minerals, fiber, antioxidants, and other live co-factors, whereas the processed white sugar found on the family table and incorporated into thousands of products, and the white food products made from processed wheat, are devoid of these nutrients. This is due to the manufacturing process wherein all the nutrients have been stripped out, and now, just like high fructose corn syrup, are no longer whole foods but refined sugars.

Refined white sugar

In the processing of sugarcane, the molasses is separated out and only trace amounts of the vitamins and minerals it once had are left. This white sugar is now 99.9 percent carbohydrate, of which 99.8 percent is sucrose.[110] Since the body needs trace minerals in sufficient quantity to metabolize the refined sugar, the body harvests what has been lost in the manufacturing process from other parts of the body to complete the process, and this results in deficiencies of potassium, magnesium, vitamin B1, and calcium.[111]

Additionally, the body responds to the consumption of refined sugars by quickly breaking them down. This causes unhealthy spikes in blood sugar which triggers a surge of insulin to clear the excess sugar from the blood. All this insulin can leave you feeling hungry soon after a meal, and this, in turn, may cause more cravings for more sweet foods. This secondary craving may cause you to overeat, put on weight, and over time lead to insulin resistance and type-2 diabetes.

Diets high in refined carbs have also been linked to high blood pressure, heart disease, obesity, hyperactivity, mood disorders, and even suicide in teenagers.[112] Put another way, the overconsumption of refined sugars and grains are linked to weight gain, heart disease, acne, diabetes, cancer, depression, and fatty liver.[113] [114]

Since refined sugars are the most commonly added ingredients to processed foods, and since they have been found to have detrimental effects on all three important functions of food – the production

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[105] https://www.cdc.gov/obesity/data/adult.html
106 https://www.dhhs.nh.gov/dphs/nhp/documents/sugar.pdf
107 https://www.healthline.com/health/food-nutrition/top-raw-honey-benefits#risks
108 https://draxe.com/nutrition/maple-syrup-nutrition/
109 https://www.organicfacts.net/health-benefits/maple-syrup.html
[110] https://www.canr.msu.edu/news/sugars_defined
[111] https://www.youtube.com/watch?app=desktop&v=g_pax5an8B4
112 https://www.helpguide.org/articles/healthy-eating/choosing-healthy-carbs.htm
113 https://www.healthline.com/nutrition/too-much-sugar
[114] https://www.greenmedinfo.com/blog/research-reveals-how-sugar-causes-cancer

of energy, the stimulation of growth, and the maintenance of life,[115] they are now banned in all foods served to patients and students.

Processed wheat

It is interesting to note that in the processing of wheat, the germ and the bran are separated from the carbohydrate. The carbohydrate is then pulverized and sold as white flour. The germ carried the oil which carried the vitamin E, and the bran carried the vitamin B factors. So, pigs are fed food that contains the germ and get the vitamin E, while cows are fed food that contains the vitamin B. Alas, we, the humans, are sold the left-over starch.[116] Examples of this starch include white bread, pizza dough, pasta, pastries, white rice, sweet deserts, and breakfast cereals.

Since the natural occurring vitamins and minerals are removed during the processing of wheat, small amounts of cheap, synthetic vitamins are added back in. Also added back in are benzoyl peroxide and potassium bromide. Benzoyl peroxide is a bleaching agent that combines with proteins like gluten to create alloxans, and alloxans are known to cause Type 1 diabetes in mice and hamsters. Potassium bromate, which is banned in Europe, China, Brazil, and Canada, has also been identified as a cause of cancer in animals.[117]

High Fructose Corn Syrup (HFCS)

In 1970, high fructose corn syrup (HFCS) was introduced into the diet.[118] It is found in many different foods so it is very difficult to avoid. Examples include soda, candy, sweetened yogurt, salad dressings, breads, canned fruits, and energy and sports drinks to name but a few. And, there is a growing scientific consensus that fructose, like alcohol, can be toxic to the liver.[1,2]

Fructose is the sugar in fruit that makes it taste sweet, and for most people there's nothing wrong with eating a little fructose in its natural state. However, today’s manufacturers can extract out and concentrate the fructose from corn, beets, and sugarcane. Unfortuneately, when they do this, it removes all of the vitamins, minerals and other live co-factors found within the original food, turning it into refined sugar.[119]

Because it is so inexpensive, it is found in many foods so the public consumes excessive amounts of high fructose corn syrup, and HFCS’s have been linked to several health problems including obesity and type-2 diabetes (1, 2, 3, 4, 5).[120] Additionally, the overconsumption of HFCS and other refined sugars has been shown to drive the inflammation associated with an increased risk of heart disease and cancer.[121] [122] Because it has such detrimental effects to the body, this proposal bans its inclusion in all foods served to patients and students.

Aspartame (also sold under the trade names ‘NutraSweet,’ ‘Equal,’ and ‘Spoonful.’)

As HFCS was making its way into the food chain, the theory that cholesterol in the blood causes heart disease became very popular. Foods that contained cholesterol such as eggs and butter were deemed too dangerous to eat so the “experts” recommended the replacement of butter with margarine

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115 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4975866/
116 Clinical Reference Guide page 65, published by https://ifnh.org
117 https://www.youtube.com/watch?app=desktop&v=g_pax5an8B4
118 https://www.google.com/search?q=when+was+hfcs+introduced&rlz=1C1CHBF_enUS716US716&oq=when+was+hfcs+introd&aqs=chrome.0.0j69i57.12287j1j7&sourceid=chrome&ie=UTF-8
119 http://sugarscience.ucsf.edu/the-toxic-truth/#.XLnk8OhKiUl
120 https://www.healthline.com/nutrition/20-foods-with-high-fructose-corn-syrup
121 https://www.healthline.com/nutrition/why-high-fructose-corn-syrup-is-bad
http://www.greenmedinfo.com/toxic-ingredient/high-fructose-corn-syrup
122 https://articles.mercola.com/sites/articles/archive/2011/01/03/high-fructose-corn-syrup-even-worse-than-weve-been-told.aspx
https://articles.mercola.com/sites/articles/archive/2015/01/21/corn-syrup-toxic.aspx

(a fake food[123]), and the consumption of low-fat and non-fat foods. However, to make low-fat and non-fat foods taste good, they were loaded up with sugar and excess sugar is stored in the body as fat, and excess fat leads to obesity, diabetes, and heart disease.[124] [125]

Since refined sugar literally replaced the fats, it became an even bigger problem. Thus, the call for a replacement sweetener became louder, and along came aspartame. It is now found in over 6,000 products[126] including cereals, juice beverages, sodas, laxatives, multi-vitamins, yogurt, and milk drinks to name just a few.[127]

Aspartame was granted FDA approval in 1981, however, this was not due to safety and efficacy, but to **political influence**.[128] [129] "Searle, the manufacturer, had failed to win FDA approval for 16 years and was under investigation for performing fraudulent studies. Aspartame was suddenly approved in 1981 when Donald Rumsfeld, former CEO of Searle and new member of President Ronald Reagan's transition team, appointed a new FDA commissioner. [And, because of this appointment, aspartame was approved.]

"The controversy never died down. Today for example, the State of New Mexico is attempting to ban aspartame. It is banned in Japan and officially discouraged in China. But in the USA, the FDA and lobbying groups like the Calorie Council continue to proclaim its safety.

"A 1996 review of past research conducted on aspartame found that every industry-funded study said the sweetener was safe to consume. However, 92 percent of independent studies claim one or more problems exist with its use." [130] [131] However, "In 2005, researchers at the Ramazzini Foundation in Bologna, Italy, conducted the first such study. Their study found that rats exposed to aspartame starting at eight weeks of age and continuing through their entire lifetimes developed lymphomas, leukemias, and other tumors, including kidney tumors, which are extremely rare in the strain of rat used.

"In 2007, the same researchers published a follow-up study that exposed rats to aspartame beginning in the womb and continuing through their entire lifetimes. That study, too, found that aspartame caused leukemias/lymphomas, as well as mammary (breast) cancer. Then in 2010, they published a study that exposed mice to aspartame, starting in the womb and continuing throughout their entire lifetimes. That third study found that aspartame caused liver and lung cancer in male mice." [132]

It should be noted that although aspartame is promoted as a weight loss supplement, it is really a chemical that encourages weight gain.[133] And, as Dr. Russell L. Blaylock, professor of neurosurgery at the Medical University of Mississippi points out, "the ingestion of excessive aspartic acid from the aspartame found in our food supply is causing serious chronic neurologial disorders and a myriad of other acute symptoms." [134]

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[123] http://www.simplelifebykels.com/fake-food-margarine/
[124] https://articles.mercola.com/sites/articles/archive/2017/11/01/too-much-sugar-negative-effects.aspx
[125] https://www.youtube.com/watch?v=W5RkNboD-Js
[126] http://www.drugsdb.com/cib/aspartame/list-of-aspartame-products/
[127] https://www.mercola.com/article/aspartame/hidden_dangers.htm
[128] https://wmwlawfirm.com/lawsuits-documented-evidence-harm-yet-aspartame-remains-fda-approved /
[129] https://vtuhr.org/articles/10.21061/vtuhr.v4i0.33/
[130] https://www.arizonaadvancedmedicine.com/Articles/2013/June/Aspartame-History-of-Getting-FDA-Approval.aspx
[131] https://www.mercola.com/article/aspartame/hidden_dangers.htm
[132] https://cspinet.org/eating-healthy/chemical-cuisine#aspartame
[133] https://usrtk.org/sweeteners/aspartame-weight-gain/
134https://articles.mercola.com/sites/articles/archive/2011/11/06/aspartame-most-dangerous-substance-added-to-food.aspx

Since aspartame contributes to obesity,[135] [136] and is implicated as a causative factor in urinary tract infections, kidney function decline in women, fibromyalgia, cardiovascular disease, neurological dysfunction, and cancer,[137] [138] [139] [140] it is now banned in all foods served to patients and students.

The solution to unnecessary medical expenses due to diet induced diseases
The common-sense solution to reducing unnecessary medical expenditures caused by an unhealthy diet is to change the diet. We need to transition our population from eating foods that promote disease to foods that promote health. So, it is imperative that we follow the advice of the doctors and scientists who have proved that the Mediterranean Diet is a diet that promotes health. This diet emphasizes fresh fruits, fresh vegetables, olive oil, fish, and other healthy fare. It is ranked #1 amongst all diets because it is relatively easy to follow, nutritious, safe, effective for weight loss, and protects against diabetes and heart disease. [141] [142] [143]

Since federal dollars will be allocated to feed patients under the custody of National Health Care, we are left with two choices. Either we are going to feed our citizens foods that promote disease and cost us trillions of dollars in medical costs associated with the care and management of diet-related diseases, or we are going to feed our citizens foods that promote health which will save us trillions of dollars in future medical costs. The choice is obvious.

And, along this same line of reasoning, this proposal prohibits serving foods that promote disease to all students participating in the Student Lunch Program. Instead, students will be fed meals based on the Mediterranean diet, and all foods that promote disease have been eliminated and prohibited from placement on school campuses.

The combination of patients and students now eating only healthy food will slow down and begin to reverse the major diseases that costs us trillions of dollars in preventable medical conditions: obesity, diabetes, heart disease, and cancer. And, this will dramatically bring down the cost of health care.

Nutritional Supplements will bring down the cost of health care
Nutritional supplements are one of the simplest and most cost-effective ways to bring down the cost of health care. For example, the Lewin Group looked at four conditions where vitamin and mineral supplementation could reach a scientific conclusion:

1. Calcium and vitamin D and their effect on osteoporosis.
2. Folic acid and its ability to prevent birth defects.
3. Omega-3 fatty acids and their benefits for heart disease.
4. Lutein and zeaxanthin and their benefit in preventing major age-related blindness, or macular degeneration.

Their conclusion: "Spending just pennies a day on healthcare can reduce our expenditures by $24 billion over five years**."** [144]

A nutritional approach to Cardiovascular Disease (CVD)
A nutritional approach to cardiovascular disease revolves around the findings of chemist Linus Pauling. He is considered one of the greatest scientists of the 20th century, and in 1994 was awarded **patent #5278189A** for his discovery that the very inexpensive Vitamin C and two amino acids (L-

[135] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2892765/
[136] https://www.healthline.com/nutrition/artificial-sweeteners-and-weight-gain#appetite
[137] http://www.greenmedinfo.com/toxic-ingredient/aspartame
[138] https://cspinet.org/eating-healthy/chemical-cuisine#aspartame
[139] https://cspinet.org/sites/default/files/attachment/aspartame%20Soffritti%20analysis%201-14%20clean%20copy.pdf
[140] https://usrtk.org/sweeteners/aspartame_health_risks/#cancer
[141] https://health.usnews.com/best-diet/mediterranean-diet
[142] https://www.cookinglight.com/news/us-news-diet-rankings-2019
[143] https://pubmed.ncbi.nlm.nih.gov/30817261/
[144] https://www.huffingtonpost.com/dr-mark-hyman/how-dietary-supplements-r_b_641130.html

Lysine and L-Proline) will prevent and cure arteriosclerosis and occlusive heart disease.[145] [146] [147]

Since cardiovascular disease will cost America $555 billion in 2012, and by 2035 will cost us $1.1 trillion,[148] the implementation of Pauling's protocol coupled with a nutritional approach that strengthens the arteries, remove excess cholesterol from the blood, thins the blood, opens up the microcirculation, and prevents platelet aggregation will save us billions of dollars every year. The following supplements help to accomplish these goals:

1. **The P factor (Vitamin P):** In 1937**,** Albert Szent-Gyorgyi received the Nobel Prize for his discovery of Vitamin C. And, within the paprika he was studying he discovered what he called at the time "Vitamin P." It turned out that "Vitamin P" was really part of the Vitamin C complex, and it was the P factor that was responsible for curing scurvy by strengthening the endothelial layer of the capillaries. In other words, ascorbic acid, the purified form of Vitamin C, was not enough. [149] [150] [151] The "P factor" can only be found in whole foods or in concentrated whole food-based Vitamin C products.
2. **Garlic:** Although mainly known for its ability to kill bacteria, viruses, fungi, and yeast, garlic also prevents platelet aggregation,152 153 and has a, protective effect on atherosclerosis by reducing lipid content on the arterial wall. [39]154
3. Ginkgo Biloba: There are about 60,000 miles of arteries, capillaries, and veins in the average adult, and of these about 80% are capillaries.[155] Ginkgo Biloba helps to open up the capillaries so that the platelets have an easier time coursing through the network. This has positive affects for the liver,[156] brain,[157] [158]and heart.[159]
4. **Nattokinase**: This fermented soybean product has been consumed as a traditional food in Japan for thousands of years, and proven to be a potent, blood-clot dissolving protein.[160] [161]
5. **Soy Lecithin:** Lecithin helps to increase secretions of bile acids that contain high levels of cholesterol and phospholipids.[162]
6. **Natural blood thinners:** Garlic, turmeric, ginger, cayenne peppers, vitamin E, cassia cinnamon, ginkgo biloba, grape seed extract, dong quai, feverfew, and bromelain.[163]

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[145]http://patft.uspto.gov/netacgi/nph-Parser?Sect1=PTO1&Sect2=HITOFF&d=PALL&p=1&u=%2Fnetahtml%2FPTO%2Fsrchnum.htm&r=1&f=G&l=50&s1=5278189.PN.&OS=PN/5278189&RS=PN/5278189
[146] http://jeffreydachmd.com/heart-disease-vitamin-c-and-linus-pauling2/
[147]https://www.youtube.com/watch?v=W5RkNboD-Js
[148] https://healthmetrics.heart.org/wp-content/uploads/2017/10/Cardiovascular-Disease-A-Costly-Burden.pdf
[149] https://www.masqueliersopcs.com/en/excerpt/vitamins-c-en-p
[150] https://thedoctorwithin.com/2009/10/21/ascorbic-acid-is-not-vitamin-c/
[151] https://yournewvitality.com/Malnutrition_and_the_Microbe_-_Flu_Prevention_Class.pdf
[152] https://academic.oup.com/jn/article/146/2/410S/4584722
[153] http://www.greenmedinfo.com/blog/how-garlic-can-save-your-life
[154]ithttps://www.ncbi.nlm.nih.gov/pmc/articles/PMC139960/#:~:text=Protective%20effect%20of%20garlic%20on,of%20artery%20wall%20%5B39%5D.
[155] https://www.livescience.com/39925-circulatory-system-facts-surprising.html
[156]https://pubmed.ncbi.nlm.nih.gov/15154282-the-effect-of-ginkgo-biloba-extract-egb-761-on-hepatic-sinusoidal-endothelial-cells-and-hepatic-microcirculation-in-ccl4-rats/
[157] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3163160/
[158] https://link.springer.com/article/10.1007/s12325-011-0083-4
[159] http://pennstatehershey.adam.com/content.aspx?productid=107&pid=33&gid=000247
[160] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5372539/
[161] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6043915/
[162] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3065734/
[163] https://www.medicalnewstoday.com/articles/322384.php

7. **Hawthorne:** This herb has a long history of heart healing.[164] "Moreover, numerous clinical studies have demonstrated that hawthorn preparations are very effective in early stages of congestive heart failure." [165] It is also effective for more advanced states as well.[166]
8. **Pomegranate extract:** A study published in the journal *Atherosclerosis,* confirms that pomegranate extract may prevent and/or reverse the primary pathology associated with cardiac mortality: the progressive thickening of the coronary arteries caused by the accumulation of fatty materials known as atherosclerosis.[i] [167]
9. **Other supplements** proven effective to help treat cardiovascular disease include: fish oil (omega 3's),[168] co-enzyme q10, [169] [170] resveratrol,[171] and vitamin D.[172] [173]
10. **Additionally, Harvard University found that**, "You can help prevent heart disease by doing four key things and making them into habits:
    1. Don't smoke (or quit if you do)
    2. Maintain a healthy weight
    3. Exercise; be active
    4. Follow a healthy diet

    "Strong studies make it possible to link reductions in risk to these habits. Following a healthy lifestyle may prevent over 80% of cases of coronary artery disease, [23, 24] 50% of ischemic strokes, [25] 80% of sudden cardiac deaths, [26] and 72% of premature deaths related to heart disease. [27] In other words, a healthy lifestyle is a good investment in a longer, healthier life." [174]

These are just a few examples demonstrating that various medical conditions can be prevented and treated with diet, lifestyle changes, and very inexpensive vitamins, minerals, herbs, and whole-food based supplements. Therefore, Section 3.b.vii.6. encourages all doctors to integrate nutritional supplements into their preventive care and allopathic treatment protocols. Once implemented, this will bring down the cost of health care by billions of dollars every year.

Business and State benefits from National Health Care

An added benefit from National Health Care is the effect it will have on business worker compensation premiums. Since everyone will now be covered by National Health Care, and since it has already been paid for, there will no longer be the need for corporations to be charged for that portion of the premium devoted to medical expenses. The money saved by paying lower premiums presents as a giant windfall profit to businesses, and this will be one of the reasons why they will accept their expanded payroll obligation for National Health Care.

Another benefit that will come from National Health Care is the effect it will have on each state's fiscal budget. Since National Health Care covers everyone, and since payroll taxes have already paid for it, the states will no longer be obligated to help finance Medicaid for the poor. The money not spent on Medicaid for the poor will translate into an enormous amount of money that can now be

[164] https://articles.mercola.com/sites/articles/archive/2016/10/24/hawthorn-berry-benefits.aspx
[165] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3891531/
[166] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3249900/
[167] http://www.greenmedinfo.com/blog/how-clean-your-arteries-one-simple-fruit
[168] http://www.clevelandheartlab.com/blog-tag/omega-3-fatty-acids/
[169] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6131403/
[170] http://www.clevelandheartlab.com/blog/horizons-coq10-what-are-the-heart-health-benefits/
[171] https://europepmc.org/abstract/med/10492890
[172] http://www.clevelandheartlab.com/blog-category/vitamins-and-supplements/
[173] https://www.youtube.com/watch?v=h0w7buQrnAw
[174] https://www.hsph.harvard.edu/nutritionsource/disease-prevention/cardiovascular-disease/preventing-cvd/

spent on other fiscal responsibilities. When combined with the reimbursement money designated from Section 8., each state will be able to pay down their debt and balance their budgets. This not only has enormous economic implications for each state's economy, but for the nation at large.

Internal controls

It is imperative to point out that even though National Health Care is a socialist program, products and services will be administered by for-profit companies. These providers will be subject to the same rules of capitalism that were in effect when they were paid for their services by for-profit health insurance companies. The fact that they will now be paid by the government does not in any way guarantee their success. If they do not adhere to sound business practices they will fail.

This plan also introduces new elements of competition. For example, Section 3.b.v.5.f., creates an alphabetized grading system for hospitals and medical clinics.These institutions will receive letter grades of A, B, or C that are based on, among other things, successful patient outcomes and patient satisfaction. These grades must be posted on main entryways and in all waiting areas for easy public viewing. This will promote competition for patients because most patients will only check into those institutions that receive grades of A or B. If a facility does not receive such a grade, they will not attract enough patients to be profitable and they will fail.

Monetary rewards for quality care have also been emphasized. For example, Section 3.b.viii provides financial incentives for those institutions that receive the grade of A, and to practitioners who successfully transition their patients off tobacco, drugs, and alcohol, and bring their patients from obesity to proper weight.

To ensure that hospitals and clinics are in compliance with the rules and regulations pertaining to this program, Section 3.b.ix. subjects these institutions to random, unannounced inspections to determine whether patients are receiving adequate medical care. It also assesses monetary penalties against those institutions that have a low rate of successful patient outcomes, high rates of readmissions, and cause patients to acquire infections from their facilities.

Short summary

Looking at the overall picture, because the single-payer system eliminates for-profit health insurance companies, lowers the cost of prescription medications, reduces unnecessary tests and procedures, and emphasizes preventive care that includes dietary and lifestyle changes, the cost of health care will be reduced by a minimum of 50%. Theis will make National Health Care not only cost effective, but affordable.

Opposition to National Health Care (and why they're wrong)

In order to stop the transition from for-profit health care to single-payer National Health Care, the critics label National Health Care as socialism. The implication being that socialism is a throwback to failed Marxism in other countries and thus so un-American that if National Health Care ever came into existence not only would we lose our individual liberties, but America as we know it would come to an end.[175] Not only is this preposterous, it is pure fiction.

Socialism in America

The United States is and always has been a **capitalist-socialist** society. We have fire departments, police departments, postal services, public libraries, public schools, public parks, Medicare, Medicaid, Social Security, agricultural subsidies, and veterans' health care services. Most people do not realize that these are all socialist programs, as are the roads we drive to work on and the armed forces that protect us from foreign enemies.

At the same time, the United States is the greatest free-market economy the world has ever known. We have over 32 million Small Businesses which represents 99.9% of all U.S. businesses, and they

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[175] This is the same criticism that accompanied the introduction of Medicare.

employ 58.9 million people.[176] With few exceptions, all of these businesses operate under the rules of capitalism, and these for-profit companies have propelled America's GDP to $20.5 trillion, the largest in the world.[177] This represents 26.3% of the world's economy[178] even though we are only 4.5% of the world's population.

So, what we have here is an overwhelmingly capitalist economy with a few socialist businesses and programs. And, it is this combination of capitalism and socialism, in this overwhelmingly capitalist to socialist ratio, that results in the most wealth and the most services for the most people.

Socialism in the banking industry

"The U.S. government has a long history of leading economic bailouts. The first major intervention occurred during the Panic of 1792 when Treasury Secretary Alexander Hamilton authorized purchases to prevent the collapse of the securities market.[1] When private enterprises are in need of rescue, the government is often ready to prevent their ruin. In this article, we look at six instances over the past century that have necessitated government intervention:

- The Great Depression
- The Savings and Loan Crisis
- The conservatorship of Fannie Mae and Freddie Mac
- The collapse of Bear Stearns
- The rescue of American International Group (AIG)
- The COVID-19 pandemic

K EY TAKEAWAY

- The Panic of 1792 was the first time the federal government intervened to prop up the markets. During that crisis, Treasury Secretary Alexander Hamilton authorized purchases to prevent the collapse of the securities market.
- During the Great Depression, a government program to buy and refinance defaulted mortgages kept 1 million families in their homes.
- The Savings & Loan crisis cost the government $160 billion (in 1990 dollars) to clean up.
- In response to the COVID-19 pandemic, the U.S. government authorized more than $2 trillion in assistance, including providing three stimulus checks: $1,200 for every qualifying adult and $500 for every child in April 2020, $600 for every qualifying adult and dependent children in December 2020, and, with the passage of the American Rescue Plan Act in March 2021, a third check of $1,400 for qualifying adults and each of their dependents."[179]

It is important to point out that when our government decided to save the banks during the 2007-2008 subprime mortgage crises, it was due to the influence of the rich and powerful, and came at the expense of the homeowners. Where banks such as Wells Fargo, Chase, and Citibank each received $25 billion to remain solvent,[180] over six (6) million Americans were denied government help, forced into foreclosure, and lost their homes.[181]

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[176] https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf

[177] https://www.google.com/search?q=2018+us+gdp&rlz=1C1EJFC_enUS855US855&oq=2018+&aqs=chrome.1.69i57j0l6j69i60.11494j0j7&sourceid=chrome&ie=UTF-8

[178] https://www.investopedia.com/insights/worlds-top-economies/

[179] https://www.investopedia.com/articles/economics/08/government-financial-bailout.asp

[180] https://money.cnn.com/news/specials/storysupplement/bankbailout/

[181] https://www.law.nyu.edu/news/ideas/michael-ohlrogge-great-recession-foreclosures#:~:text=The%20Great%20Recession%20that%20started,lost%20their%20homes%20to%20foreclosure.

This crisis revealed what the rich have always known: In times of great economic crisis brought on by free-wheeling capitalism, only government intervention by the rich for the rich can save the day.

Socialism in the automotive industry
"On December 19, 2008, a week after Senate Republicans killed a Democratic Sponsored bailout bill, asserting it failed to impose sufficient wage cuts on autoworkers, President George W. Bush announced a $17.4 billion bailout to General Motors and Chrysler, of which $13.4 billion would be extended immediately.

Without federal aid, GM and Chrysler warned, they faced bankruptcy and the loss of 1 million jobs. (Ford, the remaining "Big Three" automaker, said it didn't need the funds since it had already cut costs. But it asked to be included so it wouldn't suffer by having to compete with subsidized companies.)"[182]

Luckily, the government intervened with a socialist bailout which stopped capitalism from running its course, thus saving the automotive industry and over 1 million jobs. And, let us not forget that this was the second time our government bailed out Chrysler. In 1979, then President Reagan bailed out Chrysler to the tune of $1.5 which, like 2008, saved millions of jobs .183

Socialism in the airline industry
"As the COVID-19 crisis ravaged the American economy, airlines were among the first industries to receive government aid to soften the blow. Under the CARES Act's $500 billion fund for large corporations, a $32 billion Payroll Support Program was carved out specifically for the aviation industry, with few strings attached.

"As a result, American taxpayers have financed bailouts for airline companies to the tune of tens of billions of dollars, regardless of whether the company reported recent stock buybacks rewarding shareholders, or billion-dollar profit margins, or multi-million-dollar executive compensation packages. Several luxury private jet companies have also benefited greatly from the program under the direction of the Trump Treasury Department, some with financial ties to President Trump himself."[184]

Again, this type of government intervention into the private sector at critical economic times proves that under extraordinary circumstances, only socialist policies can save the day.

Socialism in Sports
Most Americans are totally unaware that the National Football League, the National Basketball Association, and Major League Baseball are among the most socialist corporations in America. A quick look at their internal structure illustrates this point.

All three organizations guarantee that the team with the worst season record receives the right to the first pick in the annual draft. This policy is in place for only one reason: to ensure that the league stays competitive by shoring up the talent on weaker teams. What most fans do not realize is that while they are celebrating the team with the worst record choosing the number one player, they are actually endorsing one of the most *socialist* aspects of their favorite sport. If these corporations were operating under a capitalist system, the opposite would be true. In a true capitalist system, the team with the best record would automatically be rewarded with the number one pick.

In terms of player salaries, the leagues impose wage caps to "limit the total amount of money a professional sports team can spend. During a "free agency" period, when players are allowed to sell their services to other teams, a salary cap prevents the most well-capitalized teams from signing all

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182 https://www.politico.com/story/2018/12/19/bush-bails-out-us-automakers-dec-19-2008-1066932
183 https://www.investopedia.com/articles/economics/chrysler-bailout.asp
184 https://covidbailouttracker.com/program/airline-industry-bailouts

the top players. The rationale for the salary cap is to:

- Prevent one team from gaining an unfair advantage over the rest of the competition because they can afford more star players.
- Enable smaller franchises to remain competitive and grow their fan base.
- Help a whole league thrive by ensuring that a larger number of teams are potentially interesting to casual fans." [185]

This direct intervention into the marketplace goes against the central core of capitalism. And, this type of behavior would not be tolerated in a true capitalist league but is inserted here to protect the interests of the fans and the owners.

These corporations also engage in revenue sharing. For example, in Major League Baseball, "all teams pay in 31 percent of their local revenues and that pot is split evenly among all 30 teams. In addition, a chunk of MLB's Central Fund — made up of revenues from sources like national broadcast contracts — is disproportionately allocated to teams based on their relative revenues, so lower-revenue teams get a bigger piece of the pie."[186] Again, this direct intervention into the marketplace is a policy completely at odds with the tenets of capitalism.

And, perhaps most hypocritical of all, is the demand by professional team owners that taxpayers subsidize the construction costs of the stadiums their teams play in. "The amount of money needed to build or renovate NFL stadiums varies wildly, but despite a handful of exceptions, the vast majority of the stadiums had the vast majority of their financing come from taxpayers." [187]

For example, with Nevada kicking in $750 million to build the Raiders a new stadium in Las Vegas, NFL teams have now received nearly $7 billion in tax money to build stadiums over the last two decades.[188] The idea that billionaires cannot afford to finance their own stadiums without public assistance is, of course, absurd. However, these billionaires are not stupid. They know it is more profitable to get the public to subsidize their construction costs so they can make more money. So, they play off one city against another in order to receive tax breaks and to subsidize their construction costs, claiming that the taxpayers financial burden will be more than offset by the economic benefits that will flow into the area from the building of their new stadiums.

However, that is not really what happens. "A new sports facility has an extremely small (perhaps even negative) effect on overall economic activity and employment. No recent facility appears to have earned anything approaching a reasonable return on investment. No recent facility has been self-financing in terms of its impact on net tax revenues." [189]

The reality is that this form of corporate welfare allows billionaire owners to enjoy more profits while viewing games from taxpayer-funded luxury suites. The lesson learned here is that socialism is great for the rich.

Socialism in the Department of Veterans Affairs

Another example of socialism in America is the Department of Veterans Affairs (VA). Here, veterans' health care services are completely financed and administered by the government. This means that the government owns the hospitals that veterans are admitted to, and is the employer of the physicians who oversee their care. This is the very definition of socialism. Yet, you rarely hear the call for its elimination. Perhaps this is because it is so successful. The government can rightfully boast that when this program is properly funded and administered it provides a superior level of

[185] https://onlinesportmanagement.ku.edu/community/salary-caps-in-sports
[186] https://www.cbsnews.com/news/mlbs-revenue-sharing-formula/
[187] https://www.businessinsider.com/who-pays-for-nfl-stadiums-2016-6
[188]https://profootballtalk.nbcsports.com/2017/03/28/nfl-stadiums-have-received-an-estimated-6-7-billion-from-taxpayers/
[189] https://www.brookings.edu/articles/sports-jobs-taxes-are-new-stadiums-worth-the-cost/

service, has a high patient success rate, and is valued by its patients.

Socialism in Agriculture

In the 1930's, our government directly intervened into the marketplace with price supports and subsidies. This was done to provide economic stability to farmers during the Great Depression to ensure a steady domestic food supply.[190] [191] [192] Again, this type of government intervention into the marketplace is the very definition of socialism. Yet, and even though this program has outlived its purpose, you rarely hear the call for its demise. Perhaps this is because there are members of Congress and some of their wealthy constituents who are direct beneficiaries of this program.[193] And, as astonishing and hypocritical as this is, while these elected officials gladly accept this government largesse, they rail against the evils of socialism and oppose the implementation of National Health Care.

Medicare is a socialist program

While the critics attack National Health Care as socialism, they rarely apply the same criticism to Medicare. Instead, they complain about Medicare fraud, try to cut reimbursements to the doctors who provide Medicare services, and try to cut currently allowed medical procedures. And, while they are railing against the evils of socialism, you never hear them call for their parents or relatives to give up their Medicare eligibility even though they know that all of these people are participating in a socialist program.

It is worth noting that the politicians who oppose National Health Care never introduce legislation to abolish Medicare. They know that if they tried to do this, the ensuing discussion would reveal that Medicare is a socialist program. And, once the public truly understands that **Medicare is a socialist program**, and that **National Health Care is merely an extension of Medicare**, the objections against implementing Medicare for All will end.

As the march towards National Health Care intensifies, the health insurance companies, the pharmaceutical companies, the American Medical Association, and other entities that make their enormous profits through our current for-profit system will unleash a media campaign designed to stop this from happening.

Their ads will assert that the government, instead of the doctor, will decide what treatments patients receive. They will try to discredit the government's ability to administer National Health Care efficiently.[194] You will see TV adds depicting senior citizens and young families railing against the intrusion of government into their private lives, and long lines of patients trying to get into overcrowded offices in a vain attempt to see the doctor. And, they will misinform the public about the success of National Health Care in other countries.[195]

Ultimately, this campaign will fail since the counter argument, Medicare, shows that the government can manage health care competently and economically.[196] It will reveal that Medicare does not interfere with the doctor's decisions regarding the treatment's patients receive, and the only reason there are waiting periods to see doctors is due to a shortage of doctors. The limited supply of doctors is due to artificially created policies that restrict the number of qualified applicants from entering the

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[190] http://grist.org/food/our-crazy-farm-subsidies-explained/

[191]http://www.economist.com/news/united-states/21643191-crop-prices-fall-farmers-grow-subsidies-instead-milking-taxpayers

[192] https://www.downsizinggovernment.org/agriculture/subsidies

[193] http://www.ewg.org/release/members-congress-received-238k-farm-subsidies

[194] https://kaiserfamilyfoundation.files.wordpress.com/2013/01/7731-03.pdf
Medicare's administrative costs are less than 2%.

[195] https://mic.com/articles/46063/7-countries-that-show-us-how-health-care-should-be-done#.VcMTMcrdf
http://www.huffingtonpost.com/2013/08/29/most-efficient-healthcare_n_3825477.html

[196] https://www.disabled-world.com/disability/statistics/seeing.php

medical profession. Section 8.k.ii solves this problem by creating 37 new medical schools. These new schools will provide the additional personnel needed to mitigate our current shortage of doctors, nurses, and other health care providers.

There is no viable alternative to National Health Care

It is equally important to point out that the critics of National Health Care never present any viable alternatives to solve our health care crisis. They simply refuse, often on ideological grounds, to acknowledge that for-profit health care has failed. Instead, they propose reforms such as Health Savings Accounts, deregulation, and competition across state lines as alternatives to National Health Care, and vouchers to replace Medicare.

Unfortunately, these “reform” proposals cannot solve our health care crisis. The basic problem is that all of these plans operate on the for-profit model which always demands the maximization of profits. Therefore, in search of greater profits the insurance companies will keep increasing premiums, deductibles, and co-payments while decreasing coverage. This guarantees the failure of for-profit health care solutions.

Furthermore, supporters of for-profit health insurance cannot point to any free-market economy anywhere in the world where their ideologically driven system works. In the United States, health insurance companies are only profitable for two main reasons. First, because they keep increasing premiums, deductibles, and co-pays while decreasing coverage. And second, because our government takes care of our senior citizens through Medicare, and the very poor through Medicaid. If these two groups were added into the pool that must be cover, the for-profit health insurance companies would never turn a profit, and they would fail.

Vouchers

The proposed voucher program, promoted as one of the solutions to Medicare’s future funding problem, is itself a problem. In this plan, the government issues a voucher to our senior citizens that is worth a fixed amount of money and is used to purchase a health insurance policy on the open market. However, virtually no one currently enrolled in the Medicare program would willingly give up their guaranteed access to health care for a government subsidized voucher if they truly understood what that would mean.

The idea of using a voucher to acquire a private policy that would cover the projected medical costs of our senior citizens is illogical. First, insurance companies understand that as people age and disease inevitably creeps in, a disproportionate amount of money will be spent on treating age-related conditions. And second, corporations are created to maximize profits. These two facts must be reflected in the policies they sell.

Therefore, to attract potential customers, insurance companies will offer policies that have premiums the voucher will be able to cover. However, to guarantee profits, they will include large deductibles, co-payments, and out-of-pocket expenses. These conditions will prevent most seniors from using their policies for fear of placing themselves in great financial peril. This hesitation will guarantee giant profits that go back to the insurance companies and their investors, however, it will leave our senior citizens at great risk.

There is, however, one substantial asset many seniors have, and that is their home. Unfortunately, they will now be in the unenviable position of either selling or mortgaging their home to pay for the treatment they discovered was not really covered, or was too expensive for them to afford. And, for those who do not have such an asset, they will be forced to borrow money from friends and family to pay for their treatments or go without them, and this is unacceptable.

Reforming the FDA

In order to fully reform our health care system, we must also reform certain aspects of the Food and Drug Administration (FDA). For far too long there has been too cozy relationship between the pharmaceutical industry and their regulators, the FDA. This has led to conflicts of interest that has allowed the approval of drugs that should never have come to market.[197] [198] [199] [200]

In order to prevent this from happening, this proposal has implemented several reforms. First, the Senate can now only confirm those nominees to head the FDA that have had no prior employment with, or financial ties to, the pharmaceutical industry.

Second, since federal agencies should never have even the slightest perception of a conflict of interest, and since 45% of the FDA's current budget of $6.1 billion is funded directly by the pharmaceutical industry through user-fees,[201] [202] [203] this proposal reduces the company's current user-fee costs, which run between $370,000 and $3 million per drug, to a one-time application fee of $25,000 per drug. [204] [205] Now, the rest of the FDA budget will be funded only from the general fund, and the FDA is prohibited from soliciting or accepting money of any kind from any and all other sources.

Third, it prohibits employees of the FDA from future employment in the pharmaceutical industry for a minimum of five (5) years after the date of their last employment with the FDA. This will effectively end the "revolving door" policy that has been responsible for ongoing conflicts of interest.[206] [207]

Fourth, the Congress is now required to create an exclusive pool of completely independent peer reviewers who will have access to all the raw data generated from the clinical trials of all drugs seeking FDA approval. These independent reviewers will be vetted to make sure that they have no ties of any kind to the pharmaceutical industry, and have the highest professional and academic credentials. Furthermore, their conclusions cannot be altered or changed in any way. Now, when doctors read their evaluations, they will know that what they are reading truly represents completely honest, independent assessments.

There is also a new requirement mandating that the number needed to treat (NNT) be clearly shown on all drug advertisements. The NNT is defined as, "the number of patients you need to treat to prevent one additional bad outcome (death, stroke, etc.). For example, if a drug has an NNT of 5, it means you have to treat 5 people with the drug to prevent one additional bad outcome."[208]

The NNT must now be clearly shown and voiced on all drug adds: radio, television, and print. For print and television commercials, it has to be in fonts and sizes that can be easily read by the viewing

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[197] https://www.fda.gov/drugs/drug-safety-and-availability/drug-recalls
[198] https://prescriptiondrugs.procon.org/fda-approved-prescription-drugs-later-pulled-from-the-market/
[199] https://www.hmhbooks.com/shop/books/sickening/9781328956989
[200] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4046551/
[201]https://www.fda.gov/about-fda/fda-basics/fact-sheet-fda-+-lance#:~:text=The%20FDA%20budget%20for%20FY,%2410.01%20per%20American%20per%20year.
[202] https://today.uconn.edu/2021/05/why-is-the-fda-funded-in-part-by-the-companies-it-regulates-2/#
[203]https://www.fda.gov/about-fda/fda-basics/fact-sheet-fda-glance#:~:text=Program%20Funding&text=About%2054%20percent%2C%20or%20%243.3,provided%20by%20federal%20budget%20authorization
[204] https://www.marketwatch.com/story/beleaguered-fda-in-talks-for-drug-company-funding-11626177049
[205] https://www.pharmexec.com/view/fda-user-fees-to-rise-and-fall-as-new-fee-agreements-move-forward
[206]https://therevolvingdoorproject.org/the-industry-agenda-big-pharma/
[207]https://www.npr.org/sections/health-shots/2016/09/28/495694559/a-look-at-how-the-revolving-door-spins-from-fda-to-industry
[208] https://www.cebm.ox.ac.uk/resources/ebm-tools/number-needed-to-treat-nnt

audience, and must be visible during the entire length of the commercial. For radio adds, the announcer must mention in a clear and unambiguous way, the NNT of the drug being advertised. These requirements will enable the public to have a better understanding of the efficacy of the drugs the pharmaceuitical companies want to promote.

A real-life example revolves around Lipitor, the number one selling statin drug in the world.[209] The public will now know that it has a NNT of 100.[210] When they ask their doctor what this means, the doctor will have to inform them that you have to treat 100 people before one person receives the benefit, or looked at another way, since Lipitor did not work for the first 99 people, it has a failure rate of 99%. This is important information to know when making the decision as to whether or not to take the drug in the first place.

Overall, these reforms will help prevent the authorization of drugs like vioxx, estimated by the medical journal *Lancet* to have given 88,000 Americans heart attacks, of which 38,000 died,[211] prevent the political shenanigans that permitted aspartame to come to market,[212] [213] and increase the publics medical knowledge so that people can make intelligent, informed decisions pertaining to the drugs prescribed to them by their doctors.

Conclusion

The time has come to provide high quality health care for all Americans. The public knows that for-profit companies cannot provide high quality care at affordable prices. The public also knows that expanding Medicare into National Health Care is the only logical solution that has ever been proposed.[214] [215] [216] All that is needed now is the political will to force our politicians to admit that in the area of health care, the government needs to take over the role currently played by for-profit health insurance companies.

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209 https://www.fiercepharma.com/pharma/from-old-behemoth-lipitor-to-new-king-humira-u-s-best-selling-drugs-over-25-years

210 https://centerforhealthjournalism.org/blogs/nnt-can-be-tnt-blowing-pharma-marketing-claims#:~:text=So%20to%20spare%20one%20person,person%20to%20benefit% 20is%20100.

211 https://www.npr.org/2007/11/10/5470430/timeline-the-rise-and-fall-of-vioxx#:~:text=By%20the%20time%20Vioxx%20is,and%2038%2C000%20of%20them%20died.

212 https://wmwlawfirm.com/lawsuits-documented-evidence-harm-yet-aspartame-remains-fda-approved /

213 https://vtuhr.org/articles/10.21061/vtuhr.v4i0.33/

214 http://pnhp.org/blog/2015/12/17/kaiser-poll-58-of-americans-support-medicare-for-all/

215 http://www.gallup.com/poll/191504/majority-support-idea-fed-funded-healthcare-system.aspx

216 https://pnhp.org/news/two-thirds-of-voters-support-providing-medicare-to-every-american/

3c. Public Education - Pre-school through grade 12

From its beginning, public education has struggled with competing philosophies as to who should be educated and what should be taught. Our first public school, the Boston Latin School, was founded on April 23, 1635. It offered free education to boys - rich or poor - while girls attended private schools at home.[217] Twelve years later, the General Court of the Massachusetts Bay Colony decreed that every town of fifty families should have an elementary school and that every town of 100 families should have a Latin school. The goal was to ensure that Puritan children learned to read the Bible and receive basic information about their Calvinist religion.[218]

Since then, the history of public education has been filled with examples of progress followed by darkness. While the march toward education for all is happening on one track, the denial of education to minorities, the working class and the poor has existed simultaneously. For example, in 1785, The Continental Congress brought into law the origins the of the "land grant universities," the state public universities that exist today. And, in 1817, a petition presented in a Boston Town Meeting called for the establishment of a system of free public primary schools.

However, by the 1830's, most southern states had laws forbidding teaching slaves to read. And, in 1864, Congress made it illegal for Native Americans to be taught in their native languages. Native children as young as four years old were taken from their parents and sent to the Bureau of Indian Affairs off-reservation boarding schools, whose goal, as one BIA official put it, was to "kill the Indian to save the man." [219] This back-and- forth battle between the forces of progressivism and darkness continues to this day. A brief synopsis of this struggle can be found in Appendix G.

Current status

Over the last 40 years, because of a lack of commitment and religious and political interventions, there has been a slow steady erosion in our educational institutions.[220] [221] [222] This has resulted in an unacceptable state of affairs.

Teachers are undervalued and therefore underpaid. School curriculums have become subject to political and religious influences while important programs and activities have been cut. [223] [224] [225] Many classrooms are overcrowded, school buildings are in need of repair, and educational materials are in short supply. Additionally, the rise in college tuition has placed higher education completely out of reach for millions of Americans.

In terms of geography, the top seven countries in math, science, and reading are all located in Asia.[226] And, because the arts have been defunded (which stimulates the right side of the brain) the creativity needed to solve complex problems is no longer formally nurtured.

[217] https://www.thefreedomtrail.org/freedom-trail/benjamin-franklin-statue.shtml
[218] https://www.raceforward.org/research/reports/historical-timeline-public-education-us
[219] https://www.raceforward.org/research/reports/historical-timeline-public-education-us
[220] https://files.eric.ed.gov/fulltext/EJ684842.pdf
[221] https://www.cbpp.org/research/state-budget-and-tax/a-punishing-decade-for-school-funding
[222]https://www.washingtonpost.com/graphics/politics/trump-presidential-budget-2018-proposal/?utm_term=.29e51d1f50c6
[223] https://www.youtube.com/watch?v=0qwsk_Ha7i8
[224] https://www.youtube.com/watch?v=AxAjcvHv8FA
[225] https://www.youtube.com/watch?v=hGF9M4FIVdk
[226]https://www.theatlantic.com/education/archive/2013/12/american-schools-vs-the-world-expensive-unequal-bad-at-math/281983/

Consequently, the United States has fallen far behind other countries in terms of student success as measured by *The Programme for International Student Assessment (PISA).* The 2015 PISA results placed the U.S. at an **unimpressive 38th out of 71 countries in math and 24th in science**. Among the 35 members of the Organization for Economic Cooperation and Development, which sponsors the PISA initiative, the **U.S. ranked 30th in math and 19th in science**.[227]

Educational discrimination

Discrimination based on age, race sex, and religion is no longer allowed. It is now time to eliminate discrimintation based on poverty. This form of discrimination has created a two-tiered, unequal educational system: superior schools for the rich and inferior schools for the poor. Having such an unbalanced educational system not only produces devastating consequences for the children of the poor but also for society at large.

Most poor people live in low-income tax-based school districts. Since these districts receive less in educational funding than districts with high-income tax bases, underprivileged children are automatically deprived of educational and cultural opportunities available to the rich. And, in areas where high income neighborhoods are supposed to receive the same amount of public funding as schools in poor areas, the more affluent residents in the more affluent neighborhoods often give cash donations to their particular public school (disguised as "gifts") to augment their schools' budgets. This end-run around equal funding increases programs and services for children of the rich while depriving children of the poor of the same opportunities.

This two-tiered unequal educational system produces too many students that lack the skills necessary to provide for themselves and their future families. It produces too many students who will be unable to compete in the 21st-century economy, and too many students who will be unable to go on to higher education and fully participate in the American dream. The long-term implication is an expanding and permanent lower class. This is unacceptable and represents a danger to our democracy.

The solution: Fully fund pre-school through grade 12 equally!

To equalize educational opportunities for all students we need to create superior schools in each and every neighborhood. When this occurs, all students, no matter where they live or the income level of their family, will receive a first-rate education. Creating superior schools everywhere will level the educational playing field and pre-empt the need for parents to seek out schools outside their neighborhood in an attempt to give their children a better education. And, this can only be accomplished by the **full and equal** funding of pre-school through grade 12.

To fully fund and disperse our educational tax dollars equally, this proposal requires each state to create a Public Education Trust Fund. This fund must be fully funded, and used for the sole purpose of funding public education. Therefore, it specifically excludes monetary support for private non-profit, for-profit, or religious schools of any nature.

The Public Education Trust Fund will be funded from the 1% payroll tax found in Section 2.a.iv, Public Education ($123 billion), the State Reimbursement revenue from Section 8. ($185 billion), the revenue earmarked for Public Education from the Department of Education, $103.3 billion,[228] and the revenue designated for the National School Lunch Program, $11.6 billion, found within the budget of the Department of Agriculture.[229] This totals $422.9 billion, and represents a 3½ fold increase in federal funding. When State and local revenue are added, the full funding of public education has been achieved.

[227] http://www.pewresearch.org/fact-tank/2017/02/15/u-s -students-internationally-math-science/
[228] http://www.usgovernmentspending.com/federal_budget_detail_2015bs22015n_20#usgs302
[229] http://www.fns.usda.gov/sites/default/files/NSLPFactSheet.pdf

To equalize the funding of public education, each state's Public Education Trust Fund is required to distribute its revenue to its Counties, based on each County's student population as a percentage of the state's total student population. At the same time, all schools are prohibited from soliciting or accepting any revenue of any kind from any and all other sources.

The full and equal funding of public education will be used to create superior schools for all students in all neighborhoods.[230] It will provide the revenue necessary to build new schools and repair and expand existing schools so that our children will never again be placed in overcrowded classrooms. It means that every student will have all the books, computers, laboratory, industrial, and technical support necessary to compete in an ever-changing world.

The full and equal funding of public education will provide all schools with all the guidance counselors, nurses, and physical education classes necessary for our students mental and physical health.[231] It will allow all elementary, middle, and senior high schools to have a library and a librarian. There will be sufficient revenue to provide all students with the option of taking classes in theater, music, art, and dance. No longer will there be any unfunded mandates, and all schools, rural, urban, and suburban, will be funded equally.

Additionally, the full funding of public education means that we will now have the revenue necessary to attract highly competent men and women to the teaching profession, and in turn, retain and reward the great teachers that already exist within our current school system.

The School Lunch Program

It is an unfortunate fact that one in seven children will be born into poverty, and poverty is increasing.[232] [233] Equally disturbing is the fact that millions of children go to bed hungry, and there is a direct relationship between inadequate nutrition, hunger, and the inability for the brain to develop properly.[234] When children arrive at school in a state of hunger, they cannot learn properly and behavior problems develop.[235]

In too many cases the foods children eat at home are often devoid of the nutrition necessary for proper growth and development. They are served too many highly processed meals that contain excess amounts of sugar, fat, salt, high fructose corn syrup, artificial sweeteners, artificial dyes, preservatives, trans-fats, MSG, and GMO's. This is a diet that promotes disease.

Unfortunately, the foods fed to most students through the current Student Lunch Program mirror these foods. In fact, "there is no set limit to the amount of sugar a child can consume in USDA's school lunches or breakfasts, or in competitive foods and drinks sold at schools."[236]

As pointed out in Section 3.b National Health Care, this type of diet leads directly to many medical conditions including obesity, diabetes, heart disease, and cancer. The consumption of disease promoting foods will cost us, the taxpayer, trillions of dollars in future medical expenses, which can be avoided by switching the disease promoting foods found in most Student Lunch Programs to foods that promote health.

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[230] To ensure that all students have equal opportunities no matter where their school may be located, Section 3.c.vii. mandates that all categories of students and therefore all schools be funded equally.

[231] This proposal requires all students to take physical education classes from the seventh through the twelfth grade.

[232] https://www.children.org/global-poverty/global-poverty-facts/facts-about-poverty-in-usa

[233] https://www.census.gov/data/tables/2018/demo/income-poverty/state-level-child-poverty.html

[234] https://www.ourcommunityfoodbank.org/food-insecurities/the-link-between-learning-and-child-hunger-in-america/

[235] https://www.medpagetoday.com/pediatrics/generalpediatrics/54508

[236]https://www.nutritioncoalition.us/news/2022/12/14/sugar-loaded-usda-school-mealsnbsp#:~:text=Overconsumption%20of%20added%20sugars%20is,and%20drinks%20sold%20at%20schools.

Therefore, this proposal mandates that all students be fed meals based on the Mediterranean Diet. This is a diet that emphasizes fresh fruits, fresh vegetables, olive oil, fish, and other healthy fare. It is ranked #1 among all diets because it is relatively easy to follow, nutritious, safe, effective for weight loss, and protects against diabetes and heart disease." [237] [238] [239] And, all foods that promote disease have been eliminated and prohibited from placement on school campuses.

Stop shaming children

"For the past several years, reports have surfaced about the "shaming" of students for outstanding school meal debts. These students, often from low-income families, are being publicly humiliated because they have unpaid debt in their school meal accounts. Policies that shame students can include stamping on children's hands or arms, taking their food away and dumping it in the trash or giving them stigmatized cold, partial meals in lieu of the regular hot lunch." [240]

To solve this problem, "New York City's public school system set an important national example when it made free lunch available to all of its 1.1 million students regardless of income level. The program ensures that more children will get proper nutrition during the school day. It will also relieve the sense of stigma and shame that often leads children to refuse subsidized meals — and go hungry — rather than let classmates find out that their families are poor."[241] And, in California, as of January 1, 2018, school officials will no longer deny students their school meal or offer an alternative "shame sandwich" for unpaid meal fees.[242]

No child should go to bed hungry, go to school hungry, or be publicly shamed for not having enough money to purchase food. This proposals School Lunch Program goes a long way to solve these problems by providing free, nutritionally upgraded meals to all students for breakfast and lunch, and dinner to students in after school programs and latchkey kids. This will also stop the shaming associated with the current School Lunch Program.

How much will the upgraded Student Lunch Program cost?

Currently, the average cost of a school lunch is $2.60, and breakfast is $1.51. This totals $4.11 per day.[243] However, as the richest nation on the planet, we can easily afford to provide higher quality food so we should increase our food budget to at least $12/day. And, since we will now feed almost 51 million students breakfast and lunch as well as dinner to 10 million latchkey kids and those in after school programs, the total cost could rise to $76.97 billion. The cost breakdown is as follows:

Proposed cost of the improved Student Lunch Program

Meal	Cost/meal	Number of Children Served	Number of Days Served [244]	Total Costs
Breakfast	$3.00	50.7 (M)	181	$27.530 ($bn)
Lunch	4.50	50.7 (M)	181	41.295 ($bn)
Dinner	4.50	10.0 (M)	181	8.145 ($bn)
Total Cost				**$76.970 ($bn)**

[237] https://health.usnews.com/best-diet/mediterranean-diet
[238] https://www.cookinglight.com/news/us-news-diet-rankings-2019
[239]https://pubmed.ncbi.nlm.nih.gov/30817261/
[240] https://theconversation.com/we-should-serve-kids-food-in-school-not-shame-81787
[241] https://www.nytimes.com/2017/09/08/opinion/school-lunch-without-shame.html
[242] http://www.cdfca.org/newsroom/updates/ending-school-lunch-shaming-in.html
[243] https://schoolnutrition.org/AboutSchoolMeals/SchoolMealTrendsStats/#5
[244] https://nces.ed.gov/surveys/sass/tables/sass0708_035_s1s.asp

As mentioned earlier, this plan commits $422.9 billion at the federal level to fund public education. Subtracting the cost of the improved and expanded Student Lunch Program, $76.97 billion, from this $422.9 billion still leaves $345.93 billion to fund other aspects of public education. Looked at from another perspective, this is a very small price to pay for the benefits received.

The benefits of providing highly nutritious food to children

Numerous studies have shown that feeding children a nutritious breakfast increases school performance and overall health while decreasing discipline problems, obesity, and other illnesses. From an economic perspective, adding a school breakfast program (SBP) creates additional revenue streams, increases jobs, and brings outside capital into a community.[245] When lunch and dinner are added, these benefits will increase significantly.

It must be emphasized that nutritionally sound meals benefit children, parents, teachers, school districts, and communities in many ways. For example,

Nutritional benefits for children:

- Increased nutritional intake.
- Decreased daily intake of [bad] fat as a percentage of calories.
- Decreased stomachaches and headaches.
- Decreased obesity and blood cholesterol levels.
- Decreased risk for cardiovascular disease.

School performance benefits:

- Increased cognitive function and school performance.
- Increased attention spans.
- Decreased discipline problems.
- Decreased absenteeism and tardiness.

Financial benefits

- Brings additional funds to school districts and their surrounding communities.
- Creates jobs.
- Increases overall financial stability to food service businesses.[246]

The advantage of feeding millions of children healthy, highly nutritious food for breakfast, lunch, and dinner will manifest in improved cognitive abilities, decreased behavioral problems, and go a long way towards eliminating childhood hunger. Furthermore, feeding children only healthy, nutritious food from pre-school through grade 12, combined with the physical education classes now required of all students between grades seven and twelve, will create the lifestyle that will serve as the template for students and their families to lead a healthier life. This will begin to negate and reverse the obesity and other health problems plaguing our society, and dramatically bring down the cost of health care.

Free public college

School is not really "free," it's paid for through taxes. Presently, kindergarten through grade 12 is free only because state, local, and federal taxes pay for it, and this revenue comes directly from us, the taxpayer. The questions become, "How will free college impact our society," and, "How will we pay for it?"

As history has shown, the influx of millions of working-class G.I.'s who received a free college education proved to be the primary factor in our economic growth from the 1950's forward:

[245] https://dpi.wi.gov/sites/default/files/imce/school-nutrition/pdf/sbp_cost_benefit_analysis.pdf
[246] https://dpi.wi.gov/sites/default/files/imce/school-nutrition/pdf/sbp_cost_benefit_analysis.pdf

As David Kennedy notes in *Freedom from Fear,* the G.I. Bill,

> "roared on after 1945 as a kind of afterburner to the engines of social change and upward mobility that the war had ignited, propelling an entire generation along an ascending curve of achievement and affluence that their parents could not have dreamed." [247]

Our colleges, universities, and economy grew even more and at an accelerated rate when, in1958, Congress passed The National Defense Education Act:

> "This program became one of the most successful legislative initiatives in higher education. It established the legitimacy of federal funding of higher education and made substantial funds available for low-cost student loans, boosting public and private colleges and universities. Although aimed primarily at education in science, mathematics, and foreign languages, the act also helped expand college libraries and other services for all students. The funding began in 1958 and was increased over the next several years. The results were conspicuous: in 1960 there were 3.6 million students in college, and by 1970 there were 7.5 million. Many of them got their college education only because of the availability of NDEA loans, thanks to Sputnik and to Senator Hill's readiness to seize the moment." [248]

Unfortunately, since then, the cost of higher education has skyrocketed to such an extent that in 2012, student loan debt reached over $1 trillion.[249] This reflects the two major problems that affect students the most: federal and state de-funding of higher education, and tuition increases.

For example, in 1967, the yearly tuition at the University of Minnesota was only $294 while by 2012 it had increased to $11,650/year.[250] This 39-fold increase was primarily due to the decline in federal and state funding as reflected in the policies implemented by Ronald Reagan. Once he became President, Mr. Reagan began defunding higher education, a continuation of the policy he implemented when he was governor of California:

> "No federal program suffered deeper cuts than student aid. Spending on higher education was slashed by some 25 percent between 1980 and 1985. In raw dollar figures, cuts totaled $594 million in student assistance and $338 million in Pell grants. Students eligible for grant assistance freshmen year had to take out student loans to cover their second year. For middle-class families, eligibility was changed as well. Low-cost, low-interest, subsidized federal loans were <u>limited</u> to families with household incomes of less than $32,000, regardless of family size." [251]

Providing a <u>free</u> college education to all qualified students will negate current funding policies that devalue education, and will build upon the tremendous economic effects the G.I. Bill of Rights and the National Defense Education Act had on prior generations. And, with the tuition free vocational/technical training that will now be available to all qualified students who do not take the academic route, our economy will expand and grow even more.

Financing free public college

As pointed out above, a thoughtful restructuring of our tax system combined with reprioritizing our spending policies creates the revenue necessary to allow all academically qualified students the

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[247]https://www.neh.gov/humanities/2014/julyaugust/feature/how-the-gi-bill-became-law-in-spite-some-veterans-groups

[248]https://www.cop.senate.gov/artandhistory/history/minute/Sputnik_Spurs_Passage_of_National_Defense_Education_Act.htm

[249]https://www.forbes.com/sites/sherylnancenash/2012/03/22/student-loan-debt-1-trillion-and-counting/#13c2aeea7f18

[250] https://oir.umn.edu/sites/oir.umn.edu/files/tuitionumntc.pdf

[251]https://www.washingtonpost.com/posteverything/wp/2014/09/02/my-students-pay-too-much-for-college-blame-reagan/?noredirect=on&utm_term=.c387ee6ad0ac

opportunity to attend college free of charge. This means that all qualified students, regardless of age, race, religion, gender, ethnicity, or sexual preferences may attend public colleges, universities and vocational institutions tuition free of charge.

For example, there will now be enough revenue to allow 22 million students the opportunity to attend a public college based on tuition of $8,655 per student per year.[252] This will cost $190.4 billion. Subtracting this $190.4 billion from the $345.93 billion left after paying for the improved and expanded Student Lunch Program still leaves $155.53 billion (not including state and local revenue) to fund other aspects of public education.

This will effectively end the debate as to whether a college or vocational school education should be a privilege reserved for those who can afford it, or a right that belongs to every citizen. It will end the inter-generational debt incurred by parents who co-signed their child's student loans and thus sacrificed their standard of living just to send their kids to school. And, it will end the crushing debt which forces young adults to start their working careers in great financial peril,[253]

Allowing all academically qualified students the opportunity to attend college or vocational school free of charge, which a majority of the public is in favor of,[254] [255] removes poverty as an impediment to future success, and is a most important first-step to undo the damage caused by present social and educational policies. Guaranteeing all students, a free, first-rate education through college or vocational school is the key to reducing the number of unskilled, poorly educated lower-class working people, and, by extension, increasing the number of highly skilled, highly educated, middle-class people. This is one of the most important factors necessary to stabilize and protect our democracy, and this proposal accomplishes that goal.

[252] http://www.aplu.org/library/fact-sheet-college-costs/File (This is the average cost at public, land grant colleges.)
[253] http://www.aplu.org/library/fact-sheet-college-costs/File
Total student loan debt in the United States has been estimated at $1 trillion, a figure that includes loans to parents and students from both the federal loan programs and private banks.
[254] https://thehill.com/hilltv/rising/461106-majority-of-voters-support-free-college-eliminating-student-debt
[255] https://www.freecollegenow.org/polling_april2020

4. Value Added Tax (VAT)[256]

Since this proposal replaces personal income taxes with expanded payroll taxes, and since payroll taxes directly benefit the individual, i.e., National Health Care, Social Security, and Public Education, it is imperative that a small, broad based 5% Value Added Tax (VAT) be instituted to help fund other aspects of government.

What is a VAT?

"A value-added tax (VAT) is a consumption tax placed on a product whenever value is added at each stage of the supply chain, from production to the point of sale. The amount of VAT that the user pays is on the cost of the product, less any of the costs of materials used in the product that have already been taxed." [257] It is currently in use in over 160 countries including every economically adanced nation except the United States.[258]

How the VAT works

A VAT is levied on the gross margin at each point in the manufacturing-distribution-sales process of an item. The tax is assessed and collected at each stage, in contrast to a sales tax, which is only assessed and paid by the consumer at the very end of the supply chain.[1]

"Say, for example, Dulce is an expensive candy manufactured and sold in the country of Alexia. Alexia has a 10% value-added tax. Here is how the VAT would work:

1. Dulce's manufacturer buys the raw materials for $2.00, plus a VAT of 20¢—payable to the government of Alexia—for a total price of $2.20.
2. The manufacturer then sells Dulce to a retailer for $5.00 plus a VAT of 50¢ for a total of $5.50. However, the manufacturer renders only 30¢ to Alexia, which is the total VAT at this point, minus the prior VAT charged by the raw material supplier. Note that the 30¢ also equals 10% of the manufacturer's gross margin of $3.00.
3. Finally, the retailer sells Dulce to consumers for $10 plus a VAT of $1 for a total of $11. The retailer renders 50¢ to Alexia, which is the total VAT at this point ($1), minus the prior 50¢ VAT charged by the manufacturer. The 50¢ also represents 10% of the retailer's gross margin on Dulce." [259]

VAT vs National Sales Tax

Theoretically, the 5% VAT called for in this proposal, and a 5% National Sales Tax would bring in the same amount of revenue. However, in practical terms this is not the case. Since a retail sales tax is collected only once, which is at the consumer's point of purchase, and since the laws governing the collection of this tax are easily avoided by small businesses, many retailers do not fully comply with this obligation. Sometimes they choose to collect the tax and pocket it completely, or send in a lesser amount, or choose not to collect the tax in the first place. Therefore, the VAT, with its built-in mechanism for compliance is a far superior process for collecting tax revenue.

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[256] In this proposal, the VAT is not applied to property (residential and commercial), speculative financial instruments (stocks, bonds, commodities, etc.), the sale of a business, gasoline, education, State and Local Government, Medicaid, Medicare, and National Health Care.

[257] https://www.investopedia.com/terms/v/valueaddedtax.asp#:~:text=A%20value%2Dadded%20tax%20(VAT)%20is%20a%20consumption%20tax,that%20have%20already%20been%20taxed.

[258] https://www.taxpolicycenter.org/briefing-book/what-vat

[259] https://www.investopedia.com/terms/v/valueaddedtax.asp#:~:text=A%20value%2Dadded%20tax%20(VAT)%20is%20a%20consumption%20tax,that%20have%20already%20been%20taxed.

How the VAT will impact our society

Generally speaking, the wealthy already have enough money to easily absorb the modest price increases the VAT will have on the goods and services they purchase. Therefore, they will hardly notice it.

However, this will not be the case with the poor. Since the poor have very little money to begin with, and since the products and services they purchase will now be more expensive, their lives will be more negatively impacted than the well-to-do.

To remedy this situation, an annual cash payment of $250 per adult, and $100 per child (up to a maximum of three children) has been instituted for those families that earn less than $25,000 per year. In this way, the regressive nature of the VAT has been softened on those that are most affected by it.

After adjusting for the effect this tax will have on the production of goods and services, **The VAT will bring in $250 billion annually.**[260]

[260] https://www.hamiltonproject.org/assets/legacy/files/downloads_and_links/THP_15WaysFedBudget_Prop10.pdf

5. Transaction Taxes [261]

To help raise revenue for the general fund, this plan creates three new transaction taxes, and they are:

1) 1% tax based on the purchase price of a property, residential and commercial, paid by the buyer at the time of the transaction.
2) 1% tax based on the purchase price of a business, paid by the buyer at the time of the transaction.
3) The Wall Street Trading and Speculators Tax Act (S.1781), which is a 0.03% tax placed on the transfer of stocks, bonds, derivatives, and other debt securities.[262]

The first two transaction taxes are small enough to ensure that the government receives revenue immediately upon the sale of a property or business, however, they are not large enough to affect the decision as to whether to purchase a property or business in the first place. And, since the tax can be bundled into the mortgage, which is paid for over time, will hardly be noticed.

An added bonus is the effect these taxes will have on the real estate market. Since they are just big enough to dampen the basis for the "quick flip," they will slow down the real estate speculators who artificially drive up property prices in the hope of making quick profits. **These two taxes will bring in $20 billion annually** (See Appendix F).

The third transaction tax is the proposed Wall Street Trading and Speculators Tax Act (S.1781). Here are the highlights:

- It will generate **$352 billion over 10 years.**
- It will reduce certain speculative activities like high-speed computer trading, while not impacting the decision to engage in productive economic activity.
- It does not cover common, everyday transactions undertaken by consumers.
- It's impact on GDP would be minimal. Until 1966, the United States taxed all stock transactions and transfers. During the Great Depression, Congress doubled the transaction tax rate to finance economic recovery initiatives.
- Because the size of the tax is so small (3 pennies on $100), typical investors who use financial markets to obtain loans, invest, save for retirement, and manage risk, will be minimally impacted.

A complete in-depth analysis and summary of this tax has been provided from the office of Senator Tom Harkin, sponsor of the bill, and can be found in Appendix E.

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[261] For a review of financial transaction taxes found throughout the world, see the following website: http://www.healthpovertyaction.org/wp-content/uploads/downloads/2012/07/FTTreport-Raising-revenue.pdf

[262] http://www.healthpovertyaction.org/wp-content/uploads/downloads/2012/07/FTTreport-Raising-revenue.pdf -Pg 19 From 1914 to 1966, the US had a federal tax on stock sales of 0.1 per cent at issuance and 0.04 per cent on transfers. So, the creation of this tax is not without precedent.

6. Estate Taxes

To help raise revenue for the general fund, the current estate tax has been revised. In this proposal, the estate tax has been redefined to include all assets of the deceased including not just unrealized capital gains, but also trusts for which the deceased was the grantor or the beneficiary. The value of the entire estate will now be taxed according to the following schedule:

- The first $3.5 million of the value of the deceased's estate is not taxed.
- On the value of the estate above $3.5 million and up to $10 million, the tax is 50%.
- On the value of the estate above $10 million and up to $100 million, the tax is 75%.
- On the value of the estate above $100 million, the tax is 95%.

For example, if an estate was worth $350 million at time of death, and since the first $3.5 million is exempt from taxation, the next $6.5 million would be taxed at 50% ($3.25 million), the next $90 million would be taxed at 75% ($67.5 million), and the following $150 million would be taxed at 95% ($142.5 million). The total tax due the government would then be $213.25 million, still leaving the heirs $136.75 million with which to enjoy their lives.

This schedule ensures that at time of death, over 99% of Americans will *not* be affected by this tax.[263] This means that over 99% of Americans will be able to pass on to their heirs their entire estate intact while the government still collects **$62 billion annually** (Appendix F).

Untaxed inheritance

Because of the opportunities this nation has afforded individuals throughout their lifetime, great wealth has been amassed. This includes money that has never been taxed due to policies that have been codified into law by representatives of the ultra-wealthy. These policies have effectively shielded the ultra-rich from paying taxes on *billions* of inherited dollars.

Therefore, the estate tax has been redefined to include trusts for which the deceased was the grantor or the beneficiary. Now, the ability to evade taxation on the money the ultra-wealthy give to their heirs via the Generation-Skipping Transfer Trust (GST) has been eliminated.

These reforms will force the ultra-wealthy to pay their fair share and begin to break up the consolidation of wealth so feared by our founding fathers. They knew that they did not want to follow in the footsteps of Europe where the unbelievably wealthy landed aristocracy prevented the flourishing of democracy. This tax guarantees that after death, the accumulated riches of one person will not be kept within a small circle of family members but recirculated into the economy so that others may benefit from its' use.

[263] Joint Committee on Taxation, "History, Present Law, and Analysis of the Federal Wealth Transfer Tax System," March 16, 2015, https://www.jct.gov/publications.html?func=startdown&id=4744.

Excise Taxes

7a. Gasoline Tax

This plan increases the federal gasoline tax from $0.184/gallon to $0.50/gallon, an increase of $0.316/gallon, brings in **$86 billion annually**, and distributes the revenue as follows:

- $0.20 to the Highway Trust Fund for the repair, maintenance, and construction of our Interstate Highway system.
- $0.07 for the construction of mass transit projects.
- $0.03 to the Leaking Underground Storage Tank (LUST) Trust Fund.
- $0.20 for construction of the infrastructure (grid) necessary for the nationwide implementation of renewable, nonpolluting energy sources and technologies.

This revenue is specifically earmarked to upgrade our transportation system and bring us into the 21st century by transitioning our economy from polluting fossil-fuels to renewable, non-polluting energy. The critics will immediately complain that this tax will stop the public from driving because the cost of gasoline will become too high, and then they will claim it will be detrimental to our economy. In both cases they are wrong.

Since the public is currently forced to purchase gasoline at historically high prices, the addition of the $0.316/gallon tax increase is in line with price fluctuations that have taken place over the last ten years. Motorists have seen prices climb to as high as $5/gallon, and still continue to drive. The only difference here is that the increased cost goes to the government in the form of revenue and not to the oil companies in the form of profit. This tax will not be the deciding factor used to determine whether someone purchases gasoline, especially when the public becomes aware of the real cost of gasoline.

The real cost of gasoline

The oil industry has out-sourced to the American taxpayer some of the major expenses that should be included when determining the cost of producing hydrocarbon products and their resulting selling price. This has allowed the consumer to purchase gasoline and other oil industry products at government subsidized prices that do not reflect their true costs. The true costs include:

- **Military costs**
  The military expenditures necessary to protect foreign oil fields and the shipping lanes used to transport oil to America are *not* reflected in the price we pay for the gasoline we purchase. If they were, it would add at least $1.17 [264] and perhaps as much as $8.00 [265] to the cost of each gallon of gasoline.

- **Health Care costs**
  The burning of fossil fuels creates the pollution that poisons our population manifesting in diseases such as asthma, emphysema, and cancer. The health care costs for treating these medical conditions *not* reflected in the cost of a gallon of gasoline are approximately $3.00 per gallon.[266]

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[264] http://www.iags.org/n10300 34.htm
[265] http://www.setamericafree.org/saf_hiddencostofoil010507.pdf
[266] http://www.nytimes.com/2009/10/20/science/earth/20fossil.html?_r=0
http://www8.nationalacademies.org/onpinews/newsitem.aspx?RecordID=12794
http://www.apha.org/NR/rdonlyres/8CB9D85D-3592-4C0B-8557-C22E925F75A7/0/FINALHiddenHealthCostsLongNewBackCover.pdf

- **Environmental costs**
  It is estimated that the cleanup costs due to damage done to our environment by the extraction of fossil fuels and their subsequent transport to refineries that are *not* reflected in the gasoline we purchase is approximately $2.00 per gallon.[267]

When added together, **the true cost of gasoline rises by a minimum of $9.00/ gallon**.[268] [269] [270] [271] So, if someone was filling up the car at the local gas station and the stated price was $3/gallon and they put 12 gallons into the tank, the real price would not be the $36 they were charged but $144.

Since all hydrocarbon products are the beneficiaries of these government subsidized policies, all hydrocarbon products are similarly underpriced.[272] [273] [274] [275] Therefore, it is unfair to compare the current costs of alternative energy to the price of fossil-fuel energy. However, when the above facts are taken into account alternative energy is more than competitive with, and in some cases even less expensive, than fossil fuel-based products. [276] Also, by 2020, wind and solar energy will be consistently cheaper than fossil-fuels.[277]

Economic implications

The claim that increasing the tax on gasoline will hurt the economy is also wrong. In fact, just the opposite is true. Since this revenue is allocated to maintain and improve our inter-state highway system, to fund mass transit projects within and between major cities, and to create the grid necessary to convert our economy to renewable, non-polluting energy sources and technologies, tens of thousands of high paying jobs will be created. So, rather than hurting the economy, it will actually expand our economy.[278] [279]

The science and technologies necessary to provide our nation with cost competitive, renewable, non-polluting energy already exist. For example, Germany, the second cloudiest country in Europe, has created over 300,000 jobs over the last 10 years from solar and renewable energies. This generates 17% of its energy requirements which is the equivalent of eight (8) nuclear power plants that did not have to be built. In comparison, the U.S. uses less than 1% of renewables to produce our energy. And, while Germany might get to 100% renewable energy by 2030,[280] conservative estimates are that the United States could only get to 27% by 2030.[281]

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[267]http://toniroman.hubpages.com/hub/The-True-Costs-of-Pollution
[268]http://www.progress.org/cobb01.htm
Depending upon which sources you site, most researchers estimate that when the above factors are taken into account, the true cost of gasoline ranges from $10.50 to $15.00 per gallon.
[269]http://green.autoblog.com/2011/06/20/video-true-cost-of-gas-in-us-is-closer-to-15-a-gallon/#continued.
[270]http://www.dylanratigan.com/2011/08/03/whats-the-real-cost-of-gas-in-america/
[271]http://www.huffingtonpost.com/2011/06/22/true-cost-of-gas-video_n_882323.html
[272]http://newclimateeconomy.report/energy/
[273]http://tcktcktck.org/2015/01/renewable-energy-cost-competitive-fossil-fuels-shows-study/
[274]http://www.bloomberg.com/news/articles/2015-04-14/fossil-fuels-just-lost-the-race-against-renewables
[275]http://meic.org/issues/montana-clean-energy/cost-of-wind-vs-fossil-fuels/
[276] https://www.lifegate.com/people/lifestyle/wind-solar-cheaper-fossil-fuels
https://qz.com/1125355/solar-and-wind-are-now-the-cheapest-energy-around-unless-you-need-to-store-it/
https://www.ecowatch.com/solar-cheaper-than-fossil-fuels-2167117599.html
[277]https://www.forbes.com/sites/dominicdudley/2018/01/13/renewable-energy-cost-effective-fossil-fuels-2020/#3e2b5c264ff2
[278]See Section 7.a. Gasoline Tax
[279]http://www.renewableenergyworld.com/rea/news/article/2014/01/new-solar-job-statistics-released-but-other-renewables-are-growing-too
[280]https://www.youtube.com/watch?v=BfRmxdukN1I&feature=player_embedded#at=102
http://www.technologyreview.com/review/419464/the-german-experiment/page/2/
[281]http://cleantechnica.com/2015/01/14/us-renewable-energy-jump-7-5-27-market-2030/

The reason the United States lags behind Germany and other countries in the utilization of alternative energies is due to the lack of a cohesive national energy policy. This is due to cultural, ideological, economic, as well as governmental differences.[282] The pragmatic solution is to enact this tax which will cut through the current barriers and give us the revenue and mandate necessary to transition our economy to the use of renewable, non-polluting energy and technologies. This tax will help our economy and society in many ways. For example:

- Since this tax increases the budget for the Highway Trust Fund by 37.55%, increases the budget for mass transit projects by 144.76%,[283] and funds the construction of the grid necessary for the nationwide implementation of renewable, non-polluting energy sources and technologies, tens of thousands of high paying jobs will be created. This puts money in the pockets of consumers which will then be spent on products and services, expanding the economy while generating more tax revenue for the government.
- The fact that major components of these new technologies, such as, high speed rail systems, turbine engines, and solar panels are required to be manufactured in the United States will help rebuild our manufacturing base (Section 7.a.iv.1).
- The burning of fossil fuels and the use of nuclear energy creates the pollution that poisons our population manifesting in diseases such as asthma, emphysema, and cancer. Transitioning to renewable, non-polluting energy sources and technologies will decrease the number of people afflicted with these diseases, and therefore reduce the medical costs associated with their care.
- Converting to renewable, non-polluting renewable energy sources found within the United States will end our dependence on foreign suppliers for our energy needs. Spending our tax dollars in America, on our own resources, will stop enriching foreign countries at the expense of the American economy and reduce the "need" to engage in foreign wars to secure the energy resources necessary to run our economy.
- The federal government could increase the amount of solar powered homes by guaranteeing low cost loans banks would make to residential home owners who agree to update their homes with solar panels. The utility companies would be required to buy back the surplus energy at the highest market rate and this income would then be used by the home owner to pay back the bank. This win-win scenario will decentralize the power grid and lower our need for fossil fuel-based power plants.
- The federal government could encourage the states to require all new office buildings be constructed with solar panels on their roofs. Sensible exceptions would include buildings over 10 stories tall, buildings with less than 2,000 square feet, and buildings covered in shade. This policy would reduce our dependence on fossil fuels and decentralize our energy grid.
- The conversion from fossil fuels to renewable, non-polluting energy will reduce the emissions that produce global warming and damage our environment. Helping to save our planet from global warming is a contribution of great magnitude.

[282] https://www.cov.com/files/publication/ce0ce0e2-1d8b-4ef4-8dd9-5bffa4af86f8/presentation/publicationattachment/5b91deeb-1583-46b7-a048-624472b2d90f/why_the_united_states_does_not_have_a_renewable_energy_policy.pdf

[283] Section 8.k.iii., also directs the states to spend 65% of their reimbursement money from their Federal Reimbursement Account #1 on existing infrastructure, light rail, and other mass transit projects.

- Converting to renewable, non-polluting energy sources and technologies will create a new energy model for other countries to emulate, and this model will lead the world away from its current dependence on fossil fuels. This has enormous implications for world peace.

As you can see this small, dedicated tax will have enormous and profound effects. It will wean America and the world off the use of fossil-fuels. It will lead America and the world into a new age of non-polluting energy sources and technologies. It will do all this and at the same time promote economic prosperity for America and the rest of the world.

Authors note: The public has always been forced to pay higher and higher prices for gasoline because the oil companies have a domestic monopoly on the production and distribution of gasoline. They decide the amount of refined oil products they want to sell on the world market and how much they want to sell into our domestic market. Under these circumstances, the public is forced to pay whatever price the oil companies determine it to be.

The price of gasoline is also determined by Wall Street speculators. The speculation in oil futures increases the cost of a barrel of oil between 15% [284] and 40% [285], and while this helps enrich Wall Street traders, it harms the American public by increasing not only the price of gasoline, but all products made from hydrocarbons. This damaging behavior can be stopped in several ways.

First, the laws governing the purchase of futures contracts could require the buyer to actually take possession of the commodity. Second, the percentage used to leverage the purchase of futures contracts could be increased by a factor of five. And third, a tax could be placed on the transactions pertaining to the purchase of futures contracts. These regulations would effectively end the manipulation of the futures market for oil, and therefore reduce the cost of a barrel of oil between 15% and 40%.

Once speculation in oil options is eliminated, gasoline prices will fall. Motorists will be astonished to learn that even though this plan increases the tax on gasoline by $0.316 per gallon, it will be more than offset by eliminating the speculation in oil futures. This reform will reduce gasoline prices by at least $0.45/gallon, and possibly as much as $1.20/gallon (based on gasoline costing $3.00/gallon). And, since $0.20 of this tax goes directly to construct the grid necessary to convert our economy to renewable, non-polluting energy sources and technologies, our country will be the direct beneficiary of a cleaner environment, reduced health care costs, and a safer world.

[284] http://www.huffingtonpost.com/2012/03/20/wall-street-speculation-oil-price_n_1367896.html
[285] http://www.salon.com/2012/05/04/wall_streets_oil_scam/

7b. Natural Resources Royalty Tax

For far too long the public has not received fair compensation from the royalty agreements made between our government and the corporations that exploit the natural resources found on federal land. By definition, natural resources found on federal land belong to the people. Therefore, it is only right that the people be fairly compensated for the exploitation of these resources. Section 7.b. addresses this problem by requiring all corporations who exploit resources found on federal land to pay realistic royalties. This will bring in $5 billion annually. (see Appendix F)

In the 95 years since the Mineral Leasing Act set the federal royalty rate for oil and gas at 12.5%, oil and gas revenue policies have remained firmly fixed in the past while state governments and private landowners have, time and again, updated the terms for development on their lands.[286]

To remedy this situation, this plan sets royalty rates for oil and gas and at a minimum of 18.5%, and, depending on market conditions, up to 25%. This is in line with what states like Texas charge, and in line with royalties paid in European countries.[287]

For various reasons, the coal industry has been able to underpay royalties owed. This has been addressed by raising the royalty rate from 12.5% to 15%, and valuing coal using the gross market value—meaning transportation costs are no longer deductible expenses.

Currently, the federal government does not collect royalties from gold, silver, copper, and other minerals extracted from public land. This denies the public revenue it is rightfully entitled to. Therefore, this plan places a 12.5% royalty on all hard rock minerals extracted from federal lands.

It is important to point out that imposing royalties on our natural resources that had not been taxed before, and raising overall royalties does not constitute an undue burden to industry. However, if a corporation feels that paying a royalty is not in its' best interest, or that the royalty rate is now too high, they are under no obligation to continue with their operations. They should simply move on to other endeavors. From the public perspective, this reform simply remedies an unreasonable situation by collecting a fair return on the exploitation of our natural resources.

The Natural Resources Royalty Tax will bring in **$5 billion annually**.

[286]https://www.americanprogress.org/issues/green/report/2015/06/19/115580/federal-oil-and-gas-royalty-and-revenue-reform/
[287]Ibid

8. State Reimbursement

This proposal will collect $1.23 trillion in annual revenue from non-income-based taxes,[288] and Section 8. requires that 30% of this revenue, $370 billion, be sent back to the States based on each State's population as a percentage of the U.S. population, which in 2012 was 313.9 million.[289 290] (Please note that this revenue is in addition too, and not in lieu of, other funding designated from the annual federal budget for similar programs and services.)

Let us look at two examples, California and Wisconsin. California's population of 38,041,430 represents 12.11% of the nation's population, therefore, California would receive 12.11% of the States $370 billion annual allotment. This comes to $44.8 billion per year. And, Wisconsin, with a population of 5,686,986, represents 1.81% of the nation's population and would therefore receive $6.69 billion per year.

Examples

State	Population	Percentage of U.S. Population	Annual Reimbursement Per State
California	38,041,430	12.11 %	$44.80 billion
Florida	18,802,690	5.99	22.16
Indiana	6,483,800	2.06	7.62
Kansas	2,853,115	0.01	3.36
Michigan	9,883,635	3.14	11.61
Mississippi	2,967,299	0.94	3.47
Ohio	11,536,502	3.67	13.57
Wisconsin	5,686,986	1.81	6.69

Section 8. requires the States to spend all of their reimbursement money on programs and services that directly benefit their residents. The first 50% is allocated to Public Education, and the next 50% is assigned to State and County programs.

The first three programs, Sections 8.k.i, 8.k.ii, and 8.k.iii, are distributed directly by the State and represent 25% of the total annual reimbursement money left after the 50% allocation to Public Education. And, Sections 8.l through Section 8.r. are distributed by the States' Counties and represent 75% of the reimbursement revenue left after the 50% allocation to Public Education.

Between Public Education and State and County programs, 100% of the reimbursement money has been accounted for. This will pre-empt the states from squabbling over how the money should be spent, and the fact that 75% of the post education revenue is dispersed at and accounted for at the County level makes great sense. It is at the County level that local officials, under the scrutiny of the local population, can monitor its disbursement and assure our citizens that this enormous amount of money has been handled properly. Additionally, this plan has built-in deterrents to guard against those who would try to misuse the reimbursement money. As is plainly stated in Section 8.j:

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[288] See appendix F

[289] http://www.census.gov/popest/data/state/totals2012/

[290] Section 8 also sends back revenue for Public Education that each State receives, also based on their population as a percentage of the U.S. population. See Sections 8.a, 8.d., and 8.e.

> "All programs and services funded in this proposal, at the State and County level, shall be subject to independent citizen oversight and annual financial audits. All financial audits shall be published on line for easy public viewing within 10 business days of its completion. Prosecution for criminal misuse of these funds shall include, but not be limited to, repayment of the criminally misused money times three (3), and a minimum mandatory incarceration period of five (5) years."

Reimbursement money dispersed directly by the States to fund the following programs:

8.k.i. Science, Technology, and Medicine

Section 8.k.i. allocates $6 billion to the States to fund research and development proposals for science, technology, and medicine. Requiring all 50 states to participate in this program will ensure that the evaluation process, which is used to determine who gets funding for research and development proposals, will be decentralized. Decentralizing the evaluation process will allow a greater number of individuals and small companies to successfully obtain research and development grants. This will lead to funding not only "acceptable" areas of research, but new and controversial areas that have long been neglected.

It must be emphasized that government funding of basic research for science, technology, and medicine pays us back in many ways. For example, "a report by the Space Foundation estimated that activities related to space contributed $180 billion to the economy in 2005. More than 60 percent of this came from commercial goods and services created by companies related to space technology. The space economy includes commercial space products and services. It also includes commercial infrastructure and support industries. It also counts aerospace budgets in private companies." [291] In other words, every dollar spent on NASA adds $10 to the Economy.[292]

To fund these proposals with fairness and impartiality, the requirements of the application and review process have been revised. These new requirements will eliminate up front the inherent conflicts of interest that plagued some evaluation efforts in the past.

For example, applications will now be accepted only from American citizens and American companies that have less than 250 employees, and these companies cannot be subsidiaries of larger corporations. Additionally, applicants and review personnel are forbidden from having any financial ties to larger corporations**.** These reforms will prevent large corporations from obtaining grants that allow them to shift to the public the costs of research and development in areas of specific interest to them.

The results from funding so many diverse proposals will lead to many important breakthroughs that will help America maintain and regain its leadership position in many important areas. <u>These breakthroughs will generate enough economic productivity to pay back all government expenditures for this program and all social programs proposed in this plan.</u>

8.k.ii Public Medical Center Teaching Hospitals and General Acute Care Hospitals

Currently, there are not enough doctors, nurses, dentists, chiropractors, acupuncturists, and other medical personnel to sufficiently care for the people who are fortunate enough to have health insurance. This is because there are only 141 accredited medical schools in the country and they cannot produce the quantity of qualified medical professionals necessary to adequately care for all the people who need their services.[293]

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[291] https://www.thebalance.com/nasa-budget-current-funding-and-history-3306321
[292] Ibid
[293] https://www.aamc.org/newsroom/newsreleases/2011/264074/111024.html

When National Health Care comes into existence and another 27 million people have access to regular medical care, the need for medical personnel will soar. This has been addressed in Section 8.k.ii which allocates over $10 billion annually to construct, maintain, and administer new Public Medical Center Teaching Hospitals and General Acute Care hospitals. These Public Medical Center Teaching Hospitals contain within them the new medical schools necessary to augment our current shortage of medical doctors, and 600 bed hospitals to help accommodate future patients.

Based on the ratio of one Public Medical Center Teaching Hospital per 1.75 million residents, 37 new medical schools will be created. These new schools will allow candidates who were qualified to attend medical school in the past but were denied admission due to space limitations the opportunity to do so. For example, since California has 38 million residents but only eight accredited medical schools,[294] it will be required to build 13 new facilities. California will receive $1.2 billion/year from the federal government to go along with state funding to help accomplish this goal.

Of course, fierce opposition to these new medical schools will come from those who want to control the labor market and maintain the current shortage of medical personnel, and from the hospital industry that will face new competition. They will claim that existing schools are more than capable of keeping up with the increased demand for medical professionals, and the hospital industry will claim that a surplus of in-patient hospital beds already exist. Both arguments are factually incorrect and meant only to maintain the status quo.

Common sense tells us that the need for more well-trained medical personnel and hospital capacity will continue far into the future. And, because this plan creates 37 new medical schools and increases hospital bed capacity by 17,000, those goals will have been met.

General Acute Care Hospitals

Since the year 2000, our rural and poor areas have suffered from the contraction and consolidation of privately-owned acute care and small general hospitals. The closing of these facilities has deprived residents of needed care and created a downturn in local economic activity.[295]

For example, Adam O'Neal, the Republican mayor of a small North Carolina town named Belhaven, just went on a 273 mile walk to the nation's capital to raise awareness about the closure of the hospital serving his rural constituency.

Vidant Pungo, the hospital serving O'Neal's rural constituency, was forced to close, ostensibly because it wasn't profitable enough. Now, Belhaven's residents have to travel nearly an hour to get to the closest hospital, something that has created what O'Neal calls "a medical desert." So, he and his supporters are marching to Washington to find a solution. Said mayor O'Neal, "In the last year, more rural hospitals have closed than in the previous 15 years. Every hospital closure means deaths.!!!"[296]

To remedy this situation, Section 8.k.ii. helps to fund the construction of 202 new General Acute Care Hospitals.[297] When combined with the 1010 community hospitals currently in existence,[298] and the 37 new Public Medical Teaching Hospitals created above, all citizens will have access to high quality medical care without the anxiety and constraints associated with our current health care delivery system.

294 http://gradschool.about.com/od/US_Medical_Schools/
295 http://content.healthaffairs.org/content/30/10/1912.full.html
296 http://thinkprogress.org/health/2014/07/15/3460133/republican-mayor-march-medicaid/
297 http://www.beckershospitalreview.com/hospital-management-administration/50-things-to-know-about-the-hospital-industry.html
298 http://www.aha.org/research/rc/stat-studies/fast-facts.shtml

8.k.iii. Transportation Infrastructure

This plan allocates an extra $30 billion/year for the repair, maintenance, and construction of our existing transportation infrastructure, our deteriorating sewage systems, and the building of light rail and other mass transit projects. This revenue is in addition too the revenue raised from the gasoline tax found in Section 7.a, and the revenue allocated from the Department of Transportation's annual budget of $93 billion.[299]

The implementation of light rail and other mass transit projects should be viewed through the economic lens of history. This perspective shows that the transcontinental railroad championed by President Lincoln, and the inter-state highway system championed by President Eisenhower, increased economic activity to such an extent that our current economic status could not have been achieved without them. Such will be the case with light rail and other mass transit projects.

The combination of repairing and upgrading our existing transportation and sewer systems, with the building of the infrastructure necessary to convert our economy to renewable, non-polluting energy sources and technologies (Section 7.a), will require the employment of over one million people.[300] The effect of employing so many people from so many different sections of the economy will create thousands of living-wage jobs that will help our economy in both the short and long-term.

Reimbursement money dispersed directly by State Counties to fund the following programs:

Over the last 20 years we have witnessed the closing of over 50,000 factories and the loss of millions of jobs. Currently, wages are stagnant, the minimum wage is too low, there are not enough livable-wage jobs, and income-inequality is at an all-time high. The societal crisis we are in requires a comprehensive commitment to deal with and solve these problems and Sections 8.l. through 8.r. help to accomplish this goal.

Section 8.l. General Assistance

This Section allocates over $62 billion to the States' Counties to deal with a myriad of general assistance issues related to the economic consequences of a declining middle class. This enormous amount of money is essential to deal with this crisis and to counter the funding cuts that have plagued local governments since President Clinton signed into law the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.[301] [302] [303] [304]

Specifically, Section 8.l. funds housing for battered women and their children, women's health care clinics and domestic violence programs; clean, safe and affordable housing for low-income senior citizens, the homeless, and those in danger of becoming homeless such as the disabled and veterans; distribution of high quality food to low-income individuals, families, senior citizens, and the homeless; homeownership assistance for the disabled, military veterans, and low-income families; and repairs and accessibility improvements to apartments for low-income individuals, low-income families, senior citizens, and disabled citizens.

When combined with the other programs and services funded in this proposal, Section 8.l will have a profound impact on stabilizing our declining middle-class. In fact, it will not only stabilize our declining middle-class but it will be one of the forces responsible for its' reversal.

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[299] http://www.usgovernmentspending.com/federal_budget_detail_2016bs22012n

[300]http://www.fhwa.dot.gov/policy/otps/pubs/impacts/
The Council of Economic Advisers (CEA) estimates that for every $1 billion spent in Federal highway and transit investment funded by the American Jobs Act will support 13,000 jobs for one year.

[301] http://www.slate.com/articles/news_and_politics/moneybox/2016/06/how_welfare_reform_failed.html

[302]https://www.newyorker.com/magazine/2001/04/09/after-welfare

[303] https://tcf.org/content/commentary/twenty-years-welfare-reform-time-new-approach-cash-assistance/?agreed=1

[304] https://www.urban.org/sites/default/files/publication/98086/work_requirements_in_safety_net_programs.pdf

Section 8.m. Child Day Care

Child day care presents an enormous financial burden that affects millions of American families. From the US Census Bureau, we learn that there are 32.7 million children in day care at an average cost of $143/week or $7,436/year.[305] And, from the Economic Policy Institute we learn that:

- Child care costs for a family with a 4-year-old and an 8-year-old exceed rent in 500 out of 618 U.S. communities.
- In 33 states and the District of Columbia, the cost of infant care exceeds average in-state tuition at 4-year public colleges.
- In every state, the cost of child care for a 4-year-old exceeds 30 percent of a minimum-wage worker's annual earnings.[306]

Even though we spend $43.5 billion annually through various federal programs to help with child care and early learning programs,[307] evidence suggests that many poor families do not receive assistance because of insufficient funding for these programs, and that the current system is not well-suited to workers with nonstandard schedules who need informal care.[308] And, even for our middle class, the financial stress associated with the costs of child care can create huge economic hardships. For example, approximately 9% of working families with children under the age of 6 are pushed out of the middle class as a direct result of child care expenses. And, for working families with very young children (under age 3), 8% are pushed below the middle-class threshold.[309]

It is in our national interest to solve this problem. If we improve child care assistance and make it more widely available and affordable, it is likely that a greater number of children will grow up to become more productive assets to society. And, increasing this program will require additional help which will employ a greater number of poor people. This will help reduce poverty and therefore decrease the need for future social services.[310] [311]

Therefore, Section 8.m. allocates an additional $27 billion to the States to help augment their child day care programs. Please note that the return on investment in pre-school alone is at least $8.00 for each dollar spent.[312]

Section 8n. **Mentally and physically disabled**

According to the United States Census Bureau, there are approximately 56 million Americans who suffer with some form of mental or physical disability.[313] Therefore, this section provides over $20 billion to the States to provide educational, medical, housing, vocational training, and job placement programs for these people.

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305 http://www.census.gov/library/infographics/child_care.html
306 https://blu173.mail.live.com/?tid=cm1blpDaKE5RGzfwAhWtfCvg2&fid=flinbox
307 https://childcareta.acf.hhs.gov/sites/default/files/public/federal_and_state_funding_for_child_care_and_early_learning_edited.pdf
308 http://www.aei.org/spotlight/child-care-assistance-in-the-united-states/
309 https://carsey.unh.edu/publication/childcare-expenses-middle-class-incomes
310 http://www.aei.org/spotlight/child-care-assistance-in-the-united-states/
311 https://childcareta.acf.hhs.gov/sites/default/files/public/federal_and_state_funding_for_child_care_and_early_learning_edited.pdf
312 http://www.ncsl.org/research/human-services/new-research-early-education-as-economic-investme.aspx
313 https://www.census.gov/newsroom/releases/archives/miscellaneous/cb12-134.html

Section 8.o. Drug rehabilitation and treatment
This Section allocates over $9.1 billion to the States to fund drug prevention programs and drug rehabilitation treatment centers. There are approximately 23.5 million Americans addicted to drugs and alcohol,[314] and the additional funding will help deal with this crisis.

Section 8.p. **Adult education and training**
"A new report predicts that by 2030, as many as 800 million jobs could be lost worldwide to automation. The study, compiled by the McKinsey Global Institute, says that advances in AI and robotics will have a drastic effect on everyday working lives, comparable to the shift away from agricultural societies during the Industrial Revolution. In the US alone, between 39 and 73 million jobs stand to be automated — making up around a third of the total workforce.

"But the report also states that as in the past, technology will not be a purely destructive force. New jobs will be created; existing roles will be redefined; and workers will have the opportunity to switch careers. The challenge particular to this generation, say the authors, is managing the transition. Inome inequality is likely to grow, possibly leading to political instability; and the individuals who need to retrain for new careers won't be the young, but middle-aged professionals." [315]

Automation is here and millions of workers will lose their jobs. Therefore, job training is essential. However, since 2010, Congress has cut funding for employment and job training programs by over $1 billion.[316] And, for fiscal 2018, spending on job training is only $12.5 billion.[317]

Therefore, Section 8.p. allocates an additional $9.7 billion to the States to fund adult education and job training programs. Please note that when Congress invests to increase the skill level of America's workforce, it is making an investment in economic growth and opportunity.

Section 8.q. Non-profit humanitarian projects
Section 8.q allocates over $4 billion to the States to fund non-profit humanitarian projects.

Section 8.r. Non-profit cultural organizations
Section 8.r. allocates over $4 billion to the States to fund non-profit cultural organizations to promote theatre, music, art, dance, and literature.

Conclusion
After reviewing the distribution of the $370 billion state reimbursement revenue from Section 8, taxpayers can readily see the relationship between their tax dollars and the benefits they receive. When combined with their income-based payroll taxes that directly benefit them through Social Security, National Health Care, and Public Education, and the fact that this proposal actually lowers taxes, most people will simply wonder why this proposal had not been adopted earlier.

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[314]http://www.drugfree.org/new-data-show-millions-of-americans-with-alcohol-and-drug-addiction-could-benefit-from-health-care-r/
[315] https://www.theverge.com/2017/11/30/16719092/automation-robots-jobs-global-800-million-forecast
[316] https://www.nationalskillscoalition.org/federal-policy/federal-funding
[317] https://www.nationalskillscoalition.org/federal-policy/body/FY-2018-Appropriations-Chart-9-11-2017.pdf

9. Defense Spending (National Security Surtax)

In 2012, Congress budgeted $849.6 billion for defense spending. This enormous amount of money represents more than the total amount of revenue spent on defense by the next seven countries combined, and arguments rage on all sides of the political spectrum as to whether this is too much, too little, or just the right amount.[318]

Since we know that waste, fraud, and corruption plague all giant industries, we can state with certainty that this is also the case within the Department of Defense. Therefore, there are two questions we must answer, and they are: "How do we eliminate waste, fraud, and corruption within the Department of Defense?" and, "How much money should we spend on our nation's security."

The answer to the second question is that in general, we should spend no more than twice the combined amount that China and Russia spend on their military budgets. Any amount over that, for whatever reason, should be financed by a National Security Surtax applied across the board to all taxpayers. This is the fiscally responsible thing to do. So, instead of simply spending unlimited amounts of money and putting it on the national credit card and placing the burden of repayment on future generations, we need to assume responsibility for our own monetary decisions and take care of this obligation on a pay-as-you go basis.

For example, in 2012 China spent $166 billion and Russia spent $90.7 billion on their security.[319] This totaled $256.8 billion. This proposal would double that amount, to $513.6 billion, and anything above that would have to be financed by the National Security Surtax. Since $849.6 billion had been allocated for defense spending in 2012, subtracting $513.6 billion from $849.6 billion leaves $336 billion that would have to be raised through the National Security Surtax.

Based on the principles and income brackets found in Section 2, an average payment per bracket to cover the $336 billion would be as follows:

Bracket	Individual's Annual Gross Income	Average Tax Rate	Allocation per Tax Bracket	Allocation per Taxpayer
Bracket #1	$1 - $100,000	14%	51.1%	$ 1,409
Bracket #2	$100,001 - $200,000	18%	10.6%	2,278
Bracket #3	$200,001 - $300,000	21%	4.1%	4,786
Bracket #4	$300,001 - $400,000	24%	3.0%	12,786
Bracket #5	$400,001 - $500,000	27%	1.8%	13,096
Bracket #6	$500,001 - $600,000	30%	2.1%	33,905
Bracket #7	$600,001 - $700,000	33%	1.6%	30,476
Bracket #8	$700,001 - $800,000	36%	1.1%	26,991
Bracket #9	$800,001 and above	39%	24.5%	144,370
	Totals	19.4%	100%	2,353*

*$2,353 is the additional average annual payment every taxpayer would be required to pay in 2012 if the National Security Surtax had been in effect at that time.

[318] http://pgpf.org/chart-archive/0053_defense-comparison
[319] http://www.economist.com/blogs/graphicdetail/2013/04/daily-chart9

From the table above we can see that those is bracket #1 would be assessed an average surtax of $1,409, those in bracket #5 would be charged an average of $13,096, and those in bracket #9 would have to pay an additional $144,370 to cover the $336 billion that was spent above the $513.6 billion limit this plan advocates for defense spending in 2012.

The presentation of a bill this high, on top of the taxes people have already paid, will propel taxpayers into the first three stages of the seven stages of grief: shock, denial, and anger.[320] And, these emotions will increase exponentially when taxpayers realize that their bill will be multiplied by a factor of nine to cover the $3 trillion that will be spent on the war in Iraq.[321]

Since most taxpayers will never get to the acceptance stage, their anger will be directed at the government. Millions of taxpayers will want to know why we fund between 800 and 1,000 military bases scattered throughout the United States and the rest of the world, and the reasons why we fund superfluous and redundant weapons systems.

For example, taxpayers will want to know why, for so many years, Congress funded the back-up GE-Rolls Royce engine for the F-35 stealth fighter made by the Lockheed Martin Corporation, when Pratt & Whitney already builds the primary engine. When President Obama highlighted that this unnecessary back-up engine was manufactured in former Speaker of the House John Boehner's district strictly for political reasons, Congress, for the first time, blocked funding for this program. This saves taxpayers over $3 billion annually in unnecessary defense spending.[322]

Other examples include: The Global Hawk Block 30 drone program; The C-27J Spartan cargo aircraft; Upgrades to the M1 Abrams tank; and, Air National Guard Funding: A proposed East Coast missile defense system.[323] [324] And, the list goes on and on.

When taxpayers realize that they have the power to avoid the National Security Surtax simply by monitoring what's going on in Washington, they will become more involved in the political process. Millions of taxpayers will demand placement of the defense budget on the internet for easy public viewing. Then, millions of Americans will use their computers and sleuthing skills to go over every aspect of military spending to ferret out waste, fraud, and corruption.

This mass public auditing will be of great benefit to the nation. No longer will Congress pass defense appropriation bills without knowing that the voters are really watching them. This will stop the politicians from promoting the continuation of unnecessary military bases in their districts, and the redundant and unwanted weapons systems that cost taxpayers billions of dollars. Now, Congress will be forced to fund only those programs and services that are truly in the nations interest, and the era of wasteful spending will come to an end. All this will come about based on the fear and anger generated from the possibility of paying a surtax on unwarranted defense spending.

[320] http://www.stages-of-grief-recovery.com/7-stages-of-grief.html
[321] http://carnegieendowment.org/files/0408_transcript_stiglitziraq.pdf
[322]http://bloomberg.com/news/articles/2011-02-16/u-s-house-votes-to-kill-f-35-backup-engine-from-ge-rolls-with-funds-cut
[323] http://military.com/daily-news/2012/08/20/congress-pushes-for-weapons-pentagon-didn't-want.html
[324]http://www.pogo.org./blog2013/05/pentagon-tell-congress-stop-giving-us-what-we-dont-need.html?referrer=https://www.google.com/

Overall Perspective

Taxes should be fair, easy to understand, and simple to administer. Unfortunately, this is not the case with our current tax system. As noted in the introduction and throughout this proposal, our existing tax code is inadequate, inequitable, and incomprehensible. And, the main reason for this fiasco is the tax deduction.

The original purpose of the tax deduction has long been forgotten. The use of deductions to help generate revenue from businesses and individuals in a fair and impartial manner is over. The attempt to use deductions to implement just economic and social policy for the majority has given way to the narrow interest of the few. And, under the current system there is no way to stop this from happening.

The fact that we have one deduction means that another will be created. The fact that one group or individual is successful in obtaining a deduction means that others will demand the same. One deduction begets another, and another begets another, and so on and so forth. It becomes a cascading force like an avalanche going downhill. It creates its own energy force and becomes unstoppable.

To this end, millions and millions of dollars are spent on lobbying efforts trying to gain a tax deduction for one group or another. These millions foster and encourage the Congressional scandals we have seen throughout the years.[325] [326]

A current example revolves around passage of the Tax Cuts and Job Act of 2017. Retiring Senator Bob Corker (R) Tennessee, was the sole Republican Senator to vote against the House version of the bill, publicly stating that he was against it because it would increase the federal deficit.[327] (The Congressional Budget Office estimated at that time that the bill would increase the deficit by at least $1.4 trillion.[328])

However, at the last moment republicans inserted a special tax break for people like Senator Corker and President Trump who have large real estate investments. This loophole allowed those eligible for the pass-through deduction to take 20% off their taxable income for tax calculation purposes. This meant that if you were subject to the highest tax rate for 2018, 37%, this rule would effectively reduce your tax rate to 29.6%.[329] After this provision was placed into the legislation, Senator Corker reversed his earlier position and voted for the bill allowing it to be signed into law.

This self-serving deduction highlights the necessity of eliminating deductions because of the effect they have on legislation. Overall, because of the shenanigans associated with this bill, it:

- Ignored the stagnation of working-class wages and exacerbated inequality.
- Reduced revenues at a time when the nation needed to raise more.
- Encouraged rampant tax gaming and risks undermining the integrity of tax code.[330]

And, in terms of the actual tax dollars saved to taxpayers, the bill:

- Saved the lowest fifth income group only $70 in taxes.
- Saved the second lowest income group only $390 in taxes.
- Saved the middle fifth income group only $910 in taxes.
- Saved the fourth fifth income group only $1,680 in taxes.
- Saved the top fifth income group $7,460 in taxes.

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[325] https://www.politico.com/story2017/12/18/bob-corker-tax-bill-kickback-republicans-respond-302482
[326] https://www.washingtonpost.com/wp-dyn/content/linkset/2005/06/22/LI2005062200936.html
[327] https://www.politico.com/story/2017/12/18/bob-corker-tax-bill-kickback-republicans-respond-302482
[328] https://www.cbo.gov/publication/53312
[329] https://www.thecapitalideas.com/articles/2018-tax-reforms-mean-for-investors
[330]https://www.cbpp.org/federal-tax/fundamentally-flawed-2017-tax-law-largely-leaves-low-and-moderate-income-americans

- **Saved the top 1 percent a very generous $61,090 in taxes.**
- **Saved the top 0.1 percent a whopping $252,300 in taxes.**[331]

This giant windfall for the top 1 percent, and especially those in the top 0.1 per cent, was surpassed only by the fact that, in 2018, America's 60 largest corporations paid no federal taxes at all.[332] And, while the wealthiest among us are now paying significantly less in taxes, the revised forecast for the total projected deficit from this bill will be $1.9 trillion.[333]

Looked at from another perspective, there will be $1.9 trillion less to fund the programs and services that benefit the rest of us. And, this upward redistribution of wealth is all due to deductions found in the tax code.

Lessons learned

No one can seriously look at the tax code and tell us that Congress has not acquiesced to the lobbying efforts of the rich. As a result, the tax code is now riddled with too many loopholes that allow wealthy individuals and corporations to avoid paying their fair share. It is now time to stop this unfair use of the tax code, time to start over. And, this new beginning requires a solution that does not allow the possibility of recreating the shenanigans we see today.

This proposal begins to solve the problem by simply eliminating all tax deductions. Abolishing all deductions takes away the loopholes used by wealthy individuals and corporations to avoid paying their fair share, and eliminates the additional 70,000 pages needed to fully understand the current tax code. [334]

Total revenue generated from this proposal

A question naturally arises, "Will this plan generate enough revenue to run the government?" The answer is yes, and more. This plan will produce a minimum of $3.714 trillion per year.[335] Of this, $2.481 trillion (66.8%) is raised through business and individual payroll taxes to specifically fund Social Security, National Health Care, and Public Education. The balance, $1.233 trillion (33.2%), is generated from non-income-based taxes and is used to fund all other government obligations.

It is important to point out that in 2012, our government collected $2.450 trillion[336] but spent $3.537 trillion,[337] creating a deficit of $1.087 trillion.[338] However, had this proposal been in effect at that time, it would have produced a surplus of $179 billion. And, the $3.714 trillion sited above is a very conservative estimate based on economic activity in 2012. When this plan is enacted into law, economic activity will increase and government revenue will rise even more because this proposal is really an economic growth stimulus package. For example:

Business Taxes

Section 1.a and 1.b. reduce overall business taxes. Corporations will now have more revenue for research and development, upgrading their facilities, and to provide wage increases for their workers. This will make businesses stronger and more competitive.

331 https://www.cbpp.org/new-tax-law-delivers-large-tax-cuts-to-most-well-off-1
332 http://fortune.com/2019/04/11/amazon-starbucks-corporate-tax-avoidance/
333 https://www.cbo.gov/publication/53787
334 https://taxfoundation.org/how-many-words-are-tax-code/
335 See Appendix F
336 http://usgovernmentrevenue.com/yearrev2012_0.html
337 http://www.usgovernmentspending.com/federal_budget_detail_2015bs22012n
338 http://www.usgovernmentrevenue.com/yearrev2012_0.html

Special Taxes on Imports

Section 1.c. places special taxes on imported goods manufactured under abusive working conditions and paying unfair wages. Since these taxes will increase production costs, American manufactures will be discouraged from moving their factories to foreign countries. This has enormous implications for our economy, not the least of which is to restore our manufacturing base for commercial and military products.

Public Education

Section 2.a.iv and Section 8 will, for the first time, fully fund public education from pre-school through grade 12, and allow all academically qualified students the opportunity to attend public colleges or public vocational schools free of charge. The return on investment in pre-school alone is at least $8.00 for each dollar spent,[339] and removing poverty as an impediment to higher education or vocational school will supply our society with the educated and skilled work force needed to compete in the 21st century economy.

Gasoline Tax

Section 7.a. increases the federal tax on gasoline by $0.316 per gallon. This automatically increases the budget for the construction and maintenance of our interstate highway system while funding mass transit projects. It also funds the construction of the new grid that will power our energy needs using renewable, non-polluting energy sources and technologies. It requires major components of these technologies such as solar panels, wind turbines, and high-speed trains and their engines be manufactured here, in the United States. This will produce tens of thousands of high paying jobs and will help lead the expansion of our economic base.

Science, Technology, and Medicine

Section 8.h.i. funds research and development proposals for science, technology, and medicine. The result from funding these proposals will lead to many important breakthroughs that will help America maintain and regain our leadership position in many important areas. <u>These breakthroughs will generate enough economic productivity to pay back all government expenditures for this program and all the other programs proposed in this plan</u>.

Infrastructure

Section 8.h.iii. provides extra funding for the repair, maintenance, and expansion of our deteriorating infra-structure, deteriorating sewage systems, and light rail and mass transit projects. When combined with the funding increase found in **Section 7.a**., and the revenue from the Department of Transportation’s annual budget, the money necessary to accomplish these goals has been met. The return on investment from this massive undertaking will produce an economic expansion similar to the one that occurred during and after the building of our inter-state highway system in the 1950’s.

When all the above factors are taken into account, the tax revenue generated from this plan will greatly exceed the $3.714 trillion figure sited earlier, and lead us to sustained economic growth.

Defense spending

As mentioned earlier, this proposal generates $3,714 billion in annual revenue of which $2,481 billion is generated from income-based payroll taxes to fund Social Security, National Health Care, and Public Education, and, $1,233 billion is generated from non-income-based taxes (VAT, gasoline, estate, transaction) and placed into the general fund to finance the rest of the government.

[339] http://www.ncsl.org/research/human-services/new-research-early-education-as-economic-investme.aspx

Since 30% of the non-income-based revenue is sent back to the States (Section 8, $370 billion), only $863.1 billion will remain in the general fund. And, since the 2012 budget allocated $849.6 billion for defense spending,[340] only $13.5 billion would be left after that to fund the rest of the government.

However, this proposal limits defense spending to two times the combined amount that Russian and China spend on their defenses. This comes to $513.6 billion, and subtracting $513.6 billion from the $863.1 billion leaves $349.5 billion in the general fund to finance the rest of the government. Nevertheless, the question still remains, "How much money should we spend on our nation's security?" This proposals solution is explained in Section 9.

Overall effects from this proposal

It is important to examine the overall effect this plan will have on our society. Because this proposal generates $1.26 trillion more revenue than our current system, frees up billions of dollars by reducing unnecessary defense spending,[341] reprioritizes our spending policies, and pre-pays programs and services through payroll taxes, we can now:

- Provide everyone with National Health Care.
- Fully fund public education from pre-school through grade 12.
- Allow all academically qualified students the opportunity to attend public colleges or public vocational schools free of charge.
- Increase Social Security benefits upon retirement.
- Rebuild our deteriorating infrastructure.
- Create new industries and 21st century jobs.
- Retrain unemployed and displaced workers.

This proposal, if implemented, will grow the economy out of our current debt-ridden crisis by creating millions of good paying jobs. It will equalize opportunities for all Americans. It will elevate the poor to middle-class status while slowing down and reversing the growing number of middle-class people who are slipping into lower-class status. The combination of increasing the number of highly educated, affluent middle-class people while decreasing the number of poorly educated, unskilled working-class people are two of the most important factors necessary to stabilize and protect our democracy. This plan accomplishes both goals and does so while lowering taxes.

Unfortunately, fierce opposition to these reforms, especially the reform that eliminates all tax deductions, will be led by the very people and corporations who now benefit the most from the inequities imbedded within the current tax system. They will begin by bombarding the airwaves with misinformation about the effects this plan will have. They will have their spokespeople label this plan as socialist, communist, and fascist, and make up imaginary doomsday scenarios to confuse the public and make them fearful about the changes that will occur. And, most insidious of all, they will exert their enormous influence on the Congressmen and Senators they helped elect to block all attempts at any tax reform that would require them to pay their fair share.

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[340] http://www.governmentspending.com/federal_budget_detail_2015bs22012n

[341] The United States is projected to spend $495.6 billion on defense in 2015.[a] This is four times more than China, eight times more than Russia, and more than the next nine countries combined. Therefore, we can easily reduce our military budget by an additional 15%, to $421.12 billion, without compromising our national security. This will save $74 billion per year ($740 billion over 10 years), and even though Russia is planning on increasing their military budget from $78 billion to $98 billion over the next three years, we will still be outspending them by over 400% per year.

[a] http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/defense.pd

[b] http://www.slate.com/blogs/business_insider/2014/02/26/chart_u_s_defense_spending_vs_other_countries.html

[c] http://rt.com/business/russia-increases-military-spendings-702

It will then be up to us, the public, to insist that our collective voices be heard as one voice, demanding that our tax code be reformed so that everyone pays their fair share. In the event your elected officials refuse to advocate for the reforms set forth in this proposal, it is my hope that you will find candidates who will.

Our country needs tax reform and needs it now. From a structural point of view, the reforms outlined in this proposal eliminate up front the problems associated with our current tax system. If adopted, compliance and revenue will go up while fraud will go down. The middle-class will increase in numbers and the economy will prosper. It accomplishes all this through simple concepts that are easy to understand and fair to all. Ultimately, this will guarantee acceptance because simplicity, wrapped in fairness, eventually reigns supreme.

Part 3
Fishman's Framework for Tax Reform
The Proposal

Fishman's Framework for Tax Reform

1. **BUSINESS TAXES** (Businesses defined as, but not limited to corporations, limited liability corporations, general partnerships, sole proprietors, etc.)

   a. Business Gross Sales Tax
   The Business Gross Sales Tax shall be based on the annual gross sales (revenues) generated from all businesses and/or corporations operating within the United States, <u>and their foreign subsidiaries</u>.

   i. **NO DEDUCTIONS OF ANY KIND ARE PERMITTED UNDER THIS ACT.**

   ii. In ascending order, separate the business annual gross sales (revenues) into the appropriate bracket(s), multiply by the tax associated with each bracket, and place the results in the **Tax Owed** column. Add the results in the **Tax Owed** column together to determine the **Total Tax Due**. (See examples in Appendix A.)

Business Gross Sales Tax

Bracket	Annual Gross Sales		Tax		Tax Owed
1	Up to $250,000	x	0.50%	=	
2	$250,001 up to $500,000	x	0.75%	=	
3	$500,001 up to $1,000,000	x	1.00%	=	
4	$1,000,001 up to $2,500,000	x	1.30%	=	
5	$2,500,001 up to $5,000,000	x	1.70%	=	
6	$5,000,001 up to $10,000,000	x	1.90%	=	
7	$10,000,001 up to $50,000,000	x	2.10%	=	
8	$50,000,001 and over	x	2.25%	=	
				Total Tax Due:	

   iii. The Business Gross Sales Tax will apply to the vast majority of businesses. However, if a business feels that this is not the appropriate methodology to determine what they owe, they may file an application for review with the Department of the Treasury.

   1) If the Department of the Treasury decides to review the application, it shall then give the public 60 days written notice for the scheduled hearing date on this matter. All discussions pertaining to, and the determination made, shall take place in a public forum, with public observers allowed, televised, and recorded live and in real time on C-SPAN, between the hours of 8:00 am and 9:00 pm eastern standard time.

   2) If the Department of the Treasury fails to comply with Section1,a.iii.1, then each and every person found responsible for the non-compliance shall be fined $250,000, and incarcerated in federal prison for a minimum of two (2) years.

   b. Payroll Taxes
   Business payroll taxes shall apply to all businesses operating within the United States. These taxes shall be collected and sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006.

i. Medicare:
2.8% tax based on the employee's annual gross wage, with no upper limit, whether the employee is working full-time or part-time.
ii. Social Security:
5.2% tax based on the employee's annual gross wage, with no upper limit, whether the employee is working full-time or part-time.
iii. National Health Care:
3% tax based on the employee's annual gross wage, with no upper limit, whether the employee is working full-time or part-time.
iv. Unemployment taxes paid by the employer shall remain as per current law.

c. **Foreign Business Taxes** (Foreign businesses defined as but not limited to corporations, limited liability corporations, general partnerships, sole proprietors, etc.)

i. 4% tax shall be applied against all products and services imported into the United States. This tax shall be applied against the gross selling price of the product or service as listed on the invoice. The tax shall be paid to the United States government on a per-invoice basis, prior to its' entry into the United States.

ii. The penalty for misrepresenting the selling price on any invoice shall be the amount of the invoice times three (3). In the event the misrepresentation was found to be intentional, the penalty shall be the seizure of the product in question, which shall be destroyed, plus a monetary penalty of three (3) times the amount in question.

iii. All products found to be manufactured using slave labor and or child labor that is in violation of United States child labor laws shall be prohibited from entering the United States. All products that entered the United States and were later found to be manufactured using slave labor and or child labor that is in violation of United States child labor laws shall be confiscated and destroyed.

iv. The following special taxes shall be applied against the products and services produced under the conditions listed below. These taxes shall be paid to the United States government on a per-invoice basis prior to their entry into the United States. These taxes shall go into effect twelve months after they have been signed into law, and shall be rescinded when the manufacturer has corrected the offense.

1) If a foreign manufacturer pays unfair wages, the tax is: 50%
(Unfair wages defined as the country of origin paying less than 80% of wages paid in a corresponding American industry after adjusted for currency differences.)

2) If a foreign manufacturer does not enforce worker safety regulations to United States OSHA standards, the tax is: 50%

3) If a foreign manufacturer does not provide worker health care benefits equal to or superior to the health care benefits provided by United States manufacturers, the tax is: 50%

4) If a foreign manufacturer does not enforce environmental protection regulations to United States EPA standards, the tax is: 50%

v. All products that entered the United States and were later found to have been in violation of any of the special taxes found in Section 1.c.iv., shall be confiscated and destroyed.

2. **INDIVIDUAL TAXES**

a. Payroll Taxes

Individual taxes are payroll taxes for Social Security, Medicare, National Health Care, and Public Education. These taxes shall be generated from the Total Tax Base which shall be produced from the individual's annual gross income. Annual gross income shall be defined as follows:

i. Annual gross income shall include all income derived from all sources except inheritance (refer to Section 6, Estate Taxes). This shall include, but not limited to, capital gains, dividends, wages, salaries, fees, commissions, royalties, rental property income, pass-through income, interest (from all sources), the proceeds from the sale of a business, trust fund money, gifts valued at $15,000.00 and above, income from all foreign accounts, and any and all types of employment compensation including, but not limited to, carried interest, bonuses, stock options, insurance policies, legal services, country club memberships, cars, etc.

ii. **NO DEDUCTIONS OF ANY KIND ARE PERMITTED UNDER THIS ACT.**

iii. To determine the **Total Tax Base** upon which payroll taxes shall be based, in ascending order, separate the annual gross income into the appropriate Annual Gross Income bracket(s), multiply by the tax associated with each bracket, and place the results in the **Tax Base** column, Add the results together to determine the **Total Tax Base**. (See examples in Appendix C.)

Bracket	**Annual Gross Income**		**Tax**		**Tax Base**
1	$1 – 100,000	X	10%	=	
2	$100,001 – $200,000	X	12%	=	
3	$200,001 – $300,000	X	14%	=	
4	$300,001 – $400,000	X	16%	=	
5	$400,001 – $500,000	X	18%	=	
6	$500,001 – $600,000	X	20%	=	
7	$600,001 – $700,000	X	22%	=	
8	$700,001 – $800,000	X	24%	=	
9	$800,001 and above	X	26%	=	
Total Tax Base				=	

iv. To determine the Total Payroll Taxes Owed, the **Total Tax Base** is multiplied by the percentages associated with Social Security (65%), Medicare (30%), National Health Care (45%), and Public Education (10%). These amounts are then added together to determine the Total Payroll Taxes Owed.

Social Security	**Total Tax Base**	x	65%	=	
Medicare	**Total Tax Base**	x	30%	=	
National Health Care	**Total Tax Base**	x	45%	=	
Public Education	**Total Tax Base**	x	10%	=	
Total Payroll Taxes Owed				=	

v. Employers shall be prohibited from paying these taxes on behalf of an employee.

vi. For individuals with additional income that had not been taxed, the additional income shall be added to the total of their prior taxed wages/income and placed in the applicable annual gross income bracket(s). These bracket(s) shall be multiplied by the corresponding tax and the results placed in the **Tax Base** column. This is added together to determine the **Total Tax Base**. The **Total Tax Base** is then used to determine the **Total Payroll Taxes Owed** for Social Security, Medicare, National Health Care, and Public Education by the methodology listed above. The individual shall then send the additional **Total Payroll Taxes Owed** to the government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006.

vii. The individual's Annual Gross Income Tax schedule will apply to the vast majority of individuals. However, if an individual feels that this methodology does not apply in their case, they may file for a review with the Internal Revenue Service (IRS).

a. If the IRS decides to review the application, all discussions pertaining to, and the determination made, shall be filmed in real time for future reference.

b. If the IRS fails to comply with Section 2,a.vii.a., then each and every person found responsible for this non-compliance shall be fined $250,00.00, and incarcerated in federal prison for a minimum of two (2) years.

b. Tax Refunds

Tax refunds are based on the individual's annual gross income. Refunds shall be sent to all eligible taxpayers by the 15th of April in the year after the tax revenue had been collected.

TAX REFUND SCHEDULE BASED ON ANNUAL GROSS INCOME

Refund	**1st Person**	**2 Person Family**	**3 Person Family**	**4 Person Family**
Base*	$11,000	$15,000	$20,000	$25,000
	Base*	Base*	Base*	Base*
*Base = 10% up to amount cited in each category. No refunds to anyone earning more than $25,000 per year.				

3. **SOCIAL SECURITY, NATIONAL HEALTH CARE, PUBLIC EDUCATION**

No program shall be funded until Social Security, National Health Care, and Public Education have been fully funded.

a. Social Security

i. Funding for the Social Security Trust Fund shall originate from Section 1.b., and Section 2.a.i. It is specifically understood that Congress shall fund any shortages that may occur if funding from Section 1.b. and Section 2.a.i. do not cover all costs associated with the Social Security program.

ii. It is specifically understood that once revenue has been placed into the Social Security Trust Fund, it shall only be used for Social Security purposes. Social Security revenue shall not be used to fund any other government obligations.

iii. Social Security benefits are based on taxpayer contributions made during their working years.

b. National Health Care (Medicare for All)

This version of Medicare for All is based on HR 676 (114th Congress, first session), with enhancements where necessary.

i. Eligibility
IN GENERAL.—All individuals residing in the United States (including any territory of the United States) are covered under National Health Care, entitling them to a universal, best quality standard of care. Each such individual shall receive a card with a unique number in the mail. An individual's Social Security number shall not be used for purposes of registration under this section.

ii. This program shall cover:

1. All medically necessary services, including primary care and prevention, inpatient care, outpatient care, emergency care, surgeries, acupuncture, prescription drugs, herbal formulas, dietary and nutritional therapies, durable medical equipment, long-term care, and mental health services.

2. The full scope of dental services, including periodontics, oral surgery, and 17 endodontics, but not including cosmetic dentistry. Basic vision care and vision correction (other than laser vision correction for cosmetic purposes). Hearing services, including coverage of 25 hearing aids, palliative care, and podiatric care. Chiropractic (including ultra sound and tens treatments), acupuncture (including electro-acupuncture), and substance abuse treatments.

3. Patients have their choice of physicians, physician's assistants, chiropractors, acupuncturists, pharmacists, optometrists, Doctors of Osteopathy, psychologists, Doctors of Optometry, nurse midwives, and other advanced practice clinicians as licensed and regulated by the States.

4. Patients have their choice of hospitals, clinics, and practices.

5. Alternative Medicine Protection Act:

> "A practitioner of traditional or alternative medicine, registered by an appropriate government authority, who engages in medical or nutritional therapy or in any relevant health procedure, including the recommendation or sale of health supplements, that departs from orthodox or conventional medical treatment, shall not be found to be unqualified, unprofessional, negligent nor guilty of assault upon a patient, nor be denied the right to pursue her or his professional practice or livelihood, solely on the basis that the therapy employed is an alternative remedy, or is non-traditional or departs prevailing orthodox medical treatment, unless it can be conclusively demonstrated that the therapy has a safety risk for a particular patient unreasonably greater than the traditional or prevailing treatment usually employed for the patient's ailment." [342]

iii. NO DEDUCTABLES ARE PERMITTED UNDER THIS ACT.

iv. NO CO-PAYMENTS ARE PERMITTED UNDER THIS ACT.

[342]Howard W. Pollock, former territorial chairman of the Legislative Committee on Statehood for Alaska, and first Republican U.S. Congressman for Alaska.

v. Private health insurers shall be prohibited from selling coverage that duplicates the benefits of this program. Exceptions to this rule include coverage for cosmetic surgery, and other medically unnecessary treatments. Those who are displaced as the result of the transition to a non-profit health care system shall be the first to be hired and retrained under this act.

vi. Eligible Practitioners

1) In general, National Health Care shall pay physicians, physicians' assistants, chiropractors, acupuncturists, pharmacists, optometrists, Doctors of Osteopathy, psychologists, Doctors of Optometry, nurse midwives, and other advanced practice clinicians as licensed and regulated by the States under the provisions set forth in HR 676 (114th Congress, first session).
2) All practioners who join the National Health Care program shall be prohibited from participating in private practice at the same time.

vii. Funding and Implementation of National Health Care

1) National Health Care shall be funded through Section 1b.i, Section 1.b.iii, Section 2.a.ii., and Section 2.a.iii.
2) If the revenue raised by the specific payroll taxes sited above do not cover all costs and projected costs associated with National Health Care, Congress shall do one or more of the following to ensure that the National Health Care Trust Fund shall always have sufficient revenue to meet all its obligations.
   a) Add additional revenue from the general fund.
   b) Create new health care taxes to be placed on alcohol, tobacco, and "junk" foods.
   c) Incrementally raise the payroll tax on employees and employers.
3) The tax revenue raised from the sources sited above shall be put into a new, separate account that shall be called, the National Health Care Trust Fund, subject to the conditions detailed below. It is specifically understood that once revenue has been placed into the National Health Care Trust Fund, it shall only be used for National Health Care purposes.
4) Implementation of National Health Care:
   a) National Health Care shall be implemented over a10 year period. The first five years shall be dedicated to updating the technical and administrative functions necessary to transition from for-profit health insurance to Medicare for All. This technical updating shall include a nationwide data base to prevent duplication of services.

      In the sixth year, children from birth through age 19 shall begin the enrollment process, followed by the rest of the population as detailed below:

Ages	**Year**
Birth-19	6
55-65	7
55-65	8
40-54	9
20-39	10

   b) During each year of the first five-year period, the government shall allocate sufficient revenue from the National Health Care Trust Fund to cover the current costs of the federal government's annual Medicare and Medicaid obligations.

For example, in fiscal 2012, the government obligation to Medicare was $580 billion, and for Medicaid it was $416.8 billion.[343] This totals $996.8 billion, and subtracting $996.8 billion from the $1.257 trillion raised annually (See Appendix F) leaves a surplus of $260 billion. The $260 billion shall remain in the National Health Care Trust Fund for future use.

c) After this first five-year transition period has ended, The National Health Care Trust Fund will have a surplus of at least $1.3 trillion. In the sixth year, when the $1.257 trillion raised annually is added in, the trust fund will rise to $2.557 trillion. This revenue shall then be used to fund the enrollment of our children from birth through age 19, along with our governments other medical committments.

d) In the seventh year, the first half of the 55-65 year olds shall enroll in the program. And then, in the eighth, ninth, and tenth years the remainder of our population shall be added as per the schedule sited above.

e) Implementation of the following shall begin upon passage of this proposal:

i) Direct negotiations between Medicare and the pharmaceutical industry to lower the cost of prescription medications.
ii) The importation of prescription medications and generic medications from foreign manufacturers.
iii) Transition from foods that promote disease to foods that promote health. (See Section 3.b.x. below.)
iv) Encourage the use of nutritional and herbal supplementation with medical protocols for the treatment of, or the prevention of, various medical conditions.

viii. Administration

Administration of National Health Care shall be accomplished via HR 676 (114th Congress, first session) as set forth in Section 301 with the following additions:

1) The Director shall create an independent oversight committee to oversee this program. It is specifically understood that all members of this committee, and administrative employees and outside advisors to this committee, shall have no financial ties to corporations or subsidiaries of corporations that would benefit from their recommendations. Financial ties include, but are not limited to, consulting fees, stockownership, receiving royalties from or being a board member to corporations or subsidiaries of corporations that would benefit in any way from the from the implementation of these recommendations.

2.) Committee personnel shall include members from all fields that are associated with medical products and services, the hospital industry, and from the public at large, including patients that require multiple services for chronic conditions.

3.) All members appointed to the committee shall be working full time in their profession. For example, doctors shall be practicing full time (they cannot be retired).

4.) All members appointed to the committee shall be paid for the time spent working on committee business. Compensation shall be equivalent to the amount of income they would have earned had they been working in their individual practice during this time period.

[343]https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/downloads/proj2012.pdf

5) The committee shall, among other obligations:

a) Use the government's bulk purchasing power to negotiate for the lowest prices on all prescription medications, herbs, and supplements.

b) Authorize the purchase of prescription medications and generic medications from foreign manufacturers.

c) Negotiate for the most reasonable prices on medical products and services.

d) Determine fair and reasonable compensation for health care providers (and pay them as per HR 676, Section 202).

e) Hire and retain sufficient independent Qualified Medical Examiners (QME's) to review all tests and procedures from medical institutions, corporations, and physicians. If the QME determines that any tests or procedures were unnecessary, the medical institution, corporation, or physician responsible for the billing of these tests or procedures shall pay back the cost billed to the government, plus a 50% penalty.

i) In the event the institution, corporation, or physician files for bankruptcy protection, that portion of the bankruptcy that pertains to the monetary obligation owed to the government for these offenses shall not be discharged.

ii) In the event the unnecessary tests or procedures rise to the level of fraud, in addition to the monetary penalty listed above, those person or persons responsible for the fraud shall be sent to federal prison for a minimum of two (2) years.

f) Determine evaluations, incentives, and penalties referenced in Section 3.b.x.1). below.

g) Reform the following aspects of the Food and Drug Administration (FDA):

i.) The Senate shall confirm only those nominees to become the commissioner of the FDA that have had no prior employment with, or financial ties, past or present, to the pharmaceutical industry.

ii.) The FDA shall be funded only from the general fund, and under no circumstances shall this agency solicit or accept revenue from any and all other sources with the exeception of Section 3.viii.g.v. below.

iii.) All employees of the FDA shall have no financial or other ties, past or present, to the pharmaceutical industry.

iv.) All employees of the FDA shall be prohibited from future employment in the pharmaceutical industry for a minimum of five (5) years from the date of their last day of employment with the FDA.

v.) The pharmeceutical companies shall pay a one-time $25,000.00 application fee to the FDA for each and every drug they seek FDA approval for. All revenue raised from the application fees shall be forwarded to the Department of the Treasury to be deposited into the general fund.

vi.) All pharmaceutical companies shall submit to the FDA all the raw data associated with the clinical trial(s) pertaining to the drug they want the FDA to approve. This raw data shall include, but not be limited to:

a) The goal(s) of the clinical trial(s).
b) The size of the clinical trial(s).
c) The participants in the clinical trial(s), both animal and human.
d) The criteria used to determine the participants in the clinical trial(s), both animal and human.
e) The length of the clinical trial(s).
f) All results from the clinical trial(s) shall include, but not limited to, all adverse events for both animals and humans, the lethal dosage, and the number needed to treat (NNT).
g) Congress shall create an exclusive pool of independent peer reviewers from which reviewers shall be chosen at random to review all drugs submitted to the FDA for approval. These independent peer reviewers shall have top academic, research, and professional credentials. They shall be approved by Congress before being allowed into the pool, and the pool from which reviewers are chosen shall not include any reviewers that have not been approved by Congress.
    i. The peer reviewers shall have no ties of any kind, past or present, to the pharmaceutical industry or the FDA.
    ii. The peer reviewers shall have access to all the raw data that was provided to the FDA.
    iii. The peer reviewers conclusions shall not be changed or altered in any way, and shall be included in all their reports.
    iv. The peer reviewers shall be paid solely by the FDA.
h) All in-house peer reviewers employed by pharmaceutical companies to evaluate their drugs shall have access to all the raw data that was provided to the FDA, and their conclusions shall not be altered or changed in any way, and shall be included in all their reports.
i) In addition to current drug warnings and side effects placed on drug advertisements, the number needed to treat (NNT) shall now be included. The NNT shall be included in all advertisements for all drugs on all media and social platforms.
j) For print media and television commercials, the NNT shall be printed in a font size of at least 84 so it can be easily seen by the viewing audience, and the NNT shall remain on the television screen for the entire length of the commercial. Additionally, the NNT shall be included as part of the voiced warnings/side effects spoken on radio and television commercials.

vii) In the event a pharmaceutical company omits, conceals, or misrepresents any of the data submitted to the FDA, or to their in-house reviewers to review the drugs in question, then those found responsible for the omission, concealment, or misrepresentation of the data shall be incarcerated for no less than five (5) years, and pay a personal fine of $250,000.00. The corporation shall be fined a minimum of $2.5 billion for their participation in the fraud.

6) All physician's offices, clinics, or any and all other types of medical facilities that have been purchased by a hospital, or corporation that own hospitals, or any group of investors, shall not be considered a hospital or an extension of a hospital unless these

facilities are physically within a hospital. All hospital charges or hospital revenues, which include, but are not limited to, administrative and facility charges, shall not originate from facilities that are not within a hospital. Hospital charges and hospital revenues shall be generated only from patients who physically enter in and are treated in actual hospitals.

7) The recommendations proposed by George D. Lundberg, M.D.[344], the Choosing Wisely campaign,[345] and those presented in the report by Maura Calsyn and Emily Oshima Lee – which highlight the reduction in costs associated with bundled payments, patient-centered medical homes, and accountable organizations, shall be incorporated into the National Health Care program.[346]

8) Resale of medications and products:

a) Physicians, including but not limited to oncologists, physicians' assistants, chiropractors, acupuncturists, pharmacists, optometrists, Doctors of Osteopathy, psychologists, Doctors of Optometry, nurse midwives, and other advanced practice clinicians as licensed and regulated by the States shall not purchase any medications, herbal preparations, and/or nutritional supplements from any pharmaceutical, herbal, or nutritional company for the purpose of resale to patients.

b) Pharmaceutical, herbal, and nutritional companies shall be forbidden from offering or paying bonuses, including but not limited to, money or vacations, to any physicians, including but not limited to oncologists, physician's assistants, chiropractors, acupuncturists, pharmacists, optometrists, Doctors of Osteopathy, psychologists, Doctors of Optometry, nurse midwives, and other advanced practice clinicians as licensed and regulated by the States for prescribing their products.

c) All government agencies shall be forbidden from offering or paying bonuses, including but not limited to, money or vacations, to any physicians, including but not limited to oncologists, physician's assistants, chiropractors, acupuncturists, pharmacists, optometrists, Doctors of Osteopathy, psychologists, Doctors of Optometry, nurse midwives, and other advanced practice clinicians as licensed and regulated by the States for prescribing any products or services.

ix.) Working Conditions

Interns and other medical professionals shall not work more than 12 hours per shift. All medical personnel shall rest a minimum of eight (8) hours between shifts.

x) Nutrition

1) All institutions that receive National Health Care funding shall provide their patients with meals based on the Mediterranean Diet: high quality proteins, good fats (avocados, coconut oil, olive oil, butter, nuts, fatty fish, grass fed beef, etc.), fresh fruits, vegetables, berries, fermented foods, whole grains, seeds, nuts, and dairy products. When possible, food shall be organic and purchased from local vendors and farmers and prepared on site.

[344] https://www.medscape.com/viewarticle/879281
[345] http://www.abimfoundation.org/Initiatives/Choosing-Wisely.aspx
[346] https://cdn.americanprogress.org/wp-content/uploads/2012/09/FeeforService-1.pdf

2) Fried foods and prepackaged processed foods such as canned vegetables, canned fruit, canned soups, and luncheon meats shall be prohibited, and shall not be placed on premises.
3) All food products that contain growth hormones, antibiotics, GMO's, insecticides, pesticides, and fungicides shall be prohibited, and shall not be placed on premises.
4) Foods and beverages that contain trans-fats, hydrogenated or partially hydrogenated oils, artificial dyes, artificial sweeteners, MSG, or high-fructose corn syrup shall be prohibited, and shall not be placed on premises.
5) “Junk foods” such as candy bars, soft drinks or other sugary foods and drinks, including fruit juices, shall be prohibited, and shall not be placed on premises.
6) All health care practitioners shall emphasize nutritional supplements and herbs as part of their preventive care and medical protocols for their patients.

xi.) Evaluations, Incentives, and Penalties

1) Evaluations

All National Health Care medical facilities, including but not limited to, hospitals and clinics, shall receive letter grades of A, B, or C. The grades shall reflect the evaluation of these facilities and shall be prominently displayed in all entryways and patient room admitting areas. The full criteria used to determine the given grades shall be formulated by the committee formed in Section 3.b.viii.5.f., and shall include, but not limited to patient satisfaction, facility cleanliness, and successful resolution of patient conditions.

A grade of “A” shall reflect that the facility is in the top 90% of the established criteria.
A grade of “B” shall reflect that the facility is in the 80% range of the established criteria.
A grade of “C” shall reflect that the facility is in the 70% range of the established criteria.

2) Incentives

Hospitals, clinics, and medical personnel shall receive monetary bonuses, to be determined by the committee formed in Section 3.b.v.5.f., that includes, but is not limited to:

Facilities receiving a grade of “A”
Cutting administrative costs without compromising patient care.
Successfully transitioning patients to quit smoking.
Successfully transitioning patients to stop abusing alcohol and other drugs.
Successfully transitioning patients from obesity to proper weight.

3) Penalties:

The committee formed in Section 3.b.v.5.f. shall determine monetary penalties to be assessed against hospitals and clinics based on, but not limited to, unsuccessful patient outcomes, readmissions, and acquiring infections from these institutions.

xii. Inspections

All National Health Care medical facilities, whether government or privately owned, including, but not limited to, hospitals and clinics, shall be subject to random, unannounced inspections to determine if they are clean, safe and providing adequate medical care to their patients. Public organizations such as television stations, radio stations, and senior citizen and veterans' groups shall not be denied access to inspect and report on these institutions. Patients, whether civilian or military, shall not be prohibited from voicing their concerns and complaints to investigators. Patients shall not be punished in any way for presenting their opinions.

c. Public Education

The Federal Government shall require the States to create a Public Education Trust Fund that shall be titled, **(Name of State)** Federal Reimbursement Account #2, Public Education Trust Fund. The express purpose of this account is to fund public education. The states shall deposit into this account sufficient revenue to augment the federal revenue that has been deposited into this account to ensure that all programs and services found within this proposal are fully funded.

The **(Name of State)** Federal Reimbursement Account #2, Public Education Trust Fund shall be administered through a new agency that shall be called, **(Name of State)** Public Education Administration. The Governor of each State shall appoint an Educational Director to oversee this program, and each state's legislature shall approve the Educational Director.

i. All programs and financial transactions that occur under the authority of the state's Public Education Administration shall be subject to independent citizen oversight at both the State and County level. All financial transactions at the State and County level shall be subject to annual audits that shall be published on line for easy public viewing within 10 business days of its completion. Prosecution for crimin al misuse of these funds shall include, but not be limited to, repayment of the criminally misused money times three (3), and a minimum mandatory incarceration period of five (5) years.

ii. The funding of the **(Name of State)** Federal Reimbursement Account #2, Public Education Trust Fund shall include the federal revenue from Section 8 of this proposal, and sufficient revenue from each state to ensure that all programs and services found within this proposal are fully funded.

1) The States shall receive and distribute the funding of Public Education as detailed in Section 3.c. and Section 8.f, Section 8.g, and Section 8.h. of this proposal.

iii. The **(Name of State)** Federal Reimbursement Account #2, Public Education Trust Fund, shall be the sole source of revenue used to fund public vocational and public academic schools from pre-kindergarten through the twelfth grade. It is specifically understood that all elementary, middle, and senior high schools shall not solicit nor accept any money from any and all other sources.

1) Public community colleges and public universities may accept private donations from individuals and corporations. However, it is specifically understood that these donations shall not be used in any way to create or eliminate any course, or interfere in any way with any course curriculum, or the hiring or firing of any professors, associate professors, or teaching assistants.

iv. All revenue from the **(Name of State)** Federal Reimbursement Account #2, Public Education Trust Fund, shall be used only to fund Public Education. This revenue shall not be used to fund any private non-profit schools, private for-profit schools, or religious schools of any nature.

v. The full funding of Public Education shall include public academic schools from pre-school through the twelfth grade, public vocational/technical schools, public community colleges, and public universities.

vi. The **(Name of State)** Federal Reimbursement Account #2, Public Education Trust Fund, shall cover tuition costs for those students who are academically qualified to attend up to four years at public community colleges or public universities, or three years at public vocational schools free of charge. This revenue shall not be used for room and board.

vii. Each State shall allocate sufficient revenue from this account to ensure that the amount of money spent on pre-school through grade 12 on a per student basis in each of the following categories in one school district, shall be equal to the amount of money spent on a per student basis in a different school district as per the following criteria:

1) The total number of students.
2) The number of students living in poverty.
3) The number of students that require special educational services.
4) The number of students that require assistance in English (Limited English Proficiency).

viii. The revenue in the **(Name of State)** Federal Reimbursement Account #2, Public Education Trust Fund, shall be allocated to the State's Counties, based on each County's student population as a percentage of the State's overall student population, and the criteria listed above. This revenue shall only be used to fully fund pre-school, elementary, middle, and senior high schools within their jurisdiction. The purpose of the Public Education Trust Fund shall be to supply sufficient financial resources to:

1) Construct and maintain an adequate number of public academic schools and public vocational/technical schools to meet current and future student populations.
2) Ensure that there are enough classrooms and teachers so that one teacher shall never have more than 18 students in a class.
3) Implement all programs and guidelines required by the Department of Education, including but not limited, to Title 1, Title 11, and Title 111.
4) Hire certified teachers in specific areas of learning to teach specific subjects including, but not limited to mathematics, biology, chemistry, physics, languages, music. <u>Only evidence-based scientific theories shall be taught in science classes</u>.
5) Provide all students with comprehensive academic programs.
6) Provide civics classes that shall include current events, in grades seven, eight, nine, ten, eleven, and twelve.
7) Provide all students with all the books, computers, laboratory equipment, industrial equipment, and technical support necessary for all academic, science, and vocational classes; and equipment and facilities for athletic programs.
8) Provide all students with the option of taking classes in theatre, music, art, and dance.
9) Provide every elementary, middle, and senior school with a library, a librarian, and student access to unbiased and unlimited information that can also be accessed from remote, off campus areas.
10) Provide one (1) guidance counselor for every 250 students.
11) Provide sufficient nurses with minimum ratios of nurses-to-students depending on the needs of the student populations as follows:
    a. 1:750 for students in the general population.
    b. 1:225 in the student populations requiring daily professional school nursing services or interventions.
    c. 1:125 in student populations with complex health care needs.
    d. 1:1 may be necessary for individual students who require daily and continuous professional nursing services.
12) Provide all students with physical education classes that shall be mandatory for all students from the seventh grade through the twelfth grade.

13) The National School Lunch Program shall include free breakfast and lunch to all students, and after school snacks and or dinner to all students in after school programs and for the children of latchkey households.

a) Foods that students consume shall be based on the Mediterranean Diet, and shall consist of high-quality proteins, good fats (avocados, coconut oil, olive oil, butter, nuts, fatty fish, grass fed beef, etc.), fresh fruits, vegetables, berries, fermented foods (yogurt, sauerkraut, etc.), whole grains, seeds, nuts, and dairy products. Only filtered water shall be served with meals. When possible, food shall be organic and purchased from local vendors and prepared on site.

b) The following foods shall not be served to students, and shall be prohibited from placement on school premises:

i) Fried foods and prepackaged processed foods such as canned vegetables, canned fruits, canned soups, and luncheon meats.

ii) All products that contain growth hormones, antibiotics, GMO's, insecticides, pesticides, and fungicides shall be prohibited.

iii.) Foods that contain trans-fats, hydrogenated or partially hydrogenated oils, artificial dyes, artificial sweeteners, MSG, and high-fructose corn syrup.

iv.) “Junk foods” such as candy bars, soft drinks or other sugary foods and drinks, including fruit juices.

14) Create and maintain gardens to grow fruits and vegetables where possible.

15) The same food requirements cited above shall apply to all Public Univerities, Public Colleges, and Public Vocational schools.

16) Compensate college and university administrators and professors to work with high school administrators and teachers to develop the curriculum necessary for all high school graduates to be proficient in the courses developed, and to be successful at the college level.

17) The states shall supplement the federal revenue with sufficient state revenue to ensure that all programs and services found within this proposal are fully funded. Failure to equalize spending on a per student basis statewide shall result in the termination of all federal funding earmarked for public education to the offending state.

ix. Unused textbooks and other unused materials shall be made available for purchase by private schools and/or religious schools at fair market value.

4. Value Added Tax

a. 5% Value Added Tax (VAT) shall be applied to all consumption except for spending on property (residential and commercial), speculative financial instruments (stocks, bonds, commodities, etc.), the sale of a business, gasoline, education, State and Local Government, Medicaid, Medicare, and National Health Care.

b. To offset the regressive nature of the VAT, an annual cash payment of $250 per adult, and $100 per child (up to three children), shall be issued to low-income families and individuals that earn less than $25,000 annually.

c The amount of the VAT applicable to any and all transactions shall be printed on the receipt as a separate entry.

5. TRANSACTION TAXES

a. Transaction Tax on the Sale of Property.

i. Commercial property:

1% tax based on the purchase price of a commercial property shall be paid by the buyer to the federal government at the time of the transaction.

ii. Residential property:

1% tax based on the purchase price of a residential property shall be paid by the buyer to the federal government at the time of the transaction.

b. Transaction Tax on the Sale of a Business or Corporation.

i. 1% tax based on the purchase price of a business or corporation (which shall include its' property assets) shall be paid by the buyer to the federal government at the time of the transaction.

ii. When the proceeds from the sale of a business or corporation transfer to an individual, that amount shall be considered as ordinary income to that individual and shall be subject to the tax schedule found in Section 2.a.

c. Wall Street Trading and Speculators Tax Act. U.S. Senate bill #1787 (112th Congress):

0.03% tax shall be placed on the trading of financial securities including stocks, bonds, derivatives, and other debt securities.

6. Estate Taxes

The estate shall include <u>all</u> assets of the deceased including, but not limited to, property, tangible personal property, real estate, stocks, bonds, unrealized capital gains (determined at time of death), cash, and trusts for which the deceased was the grantor or the beneficiary. The estate shall be taxed according to the following schedule:

a. The first $3.5 million of the value of the deceased's estate shall not be taxed.

b. On the value of the estate above $3.5 million and up to $10 million, the tax shall be 50%.

c. On the value of the estate above $10 million and up to $100 million, the tax shall be 75%.

d. On the value of the estate above $100 million, the tax shall be 95%.

7. Excise taxes

Excise taxes shall remain as per current law, January 1, 2012, except for gasoline and natural resources.

a. Gasoline tax:

The federal tax on gasoline shall be raised from $0.184 per gallon to $0.50 per gallon of gasoline. This revenue shall be distributed as follows:

i. $0.20 cents shall be allocated to the Highway Trust Fund to be used for the repair, maintenance, and construction of our Interstate Highway system.

ii. $0.07 cents shall be allocated for mass transit projects.

iii. $0.03 cents shall be allocated to the Leaking Underground Storage Tank Trust Fund.

iv. $0.20 shall be allocated for the construction of the infrastructure (grid) necessary for the nationwide implementation of renewable, nonpolluting energy sources and technologies. These renewable, nonpolluting energy sources and technologies shall include but not be limited to wind, solar, tidal, hydrogen, geo-thermal, algae and plants (such as switch grass, soybeans, hemp, sugar beets, etc.).

1) All major components of these technologies including, but not limited to, solar panels and their components, wind turbines, high speed trains and their engines, shall be manufactured in the United States.

2) Revenue from the gasoline tax shall not be allocated to the nuclear, coal, oil, or methane gas industries.

b. Natural Resources Royalty Tax

i. Royalties shall be paid on the exploitation of all-natural resources located on federal lands.

ii. Natural resources shall include, but are not limited to, land for grazing, lumber, rock hard minerals, natural gas, fossil fuels, and frequency spectrum pertaining to airwaves bandwidth frequencies

iii. Any natural resource that had been exempt from royalty taxes shall now be subject to the Natural Resources Royalty Tax.

iv. Oil and Gas Royalties: Oil and gas royalties shall start at 18.75%, and, depending upon market conditions, increase up to 25% of their gross value. This applies to all oil and gas extracted from all public lands and waters, whether on-shore or off-shore.

v. Coal Production: The royalty for federal mined coal shall be 15% of the gross market value of the coal produced, and transportation costs are not deductible. The 15% royalty rate applies to coal severed by surface mining methods. For coal mined by underground methods, the royalty rate shall be 10%, and transportations costs are not deductible.

vi. Hard Rock Minerals Royalties: The royalty for extracting hard rock minerals from federal lands, including but not limited to gold, silver copper, and uranium, shall be 12.5%. The royalty shall be applied against the minerals gross value.

8. STATE REIMBURSEMENT

a. On a quarterly basis, the federal government shall send back to the States the following reimbursement revenue:

i. 30% of the annual revenue generated from <u>non-income-based taxes</u> (Appendix F).
ii. 100% of the annual revenue generated from Section 2.a.iv - Public Education.
iii. 100% of the annual revenue earmarked for the Department of Education.[347]
iv. 100% of the annual revenue earmarked for the National School Lunch Program found in the Department of Agriculture's annual budget.

b. The amount each State receives shall be based on solely on each States population as a percentage of the United States population.

Example: Assume a State's population is 10% of the population of the United States. That State would then receive 10% of the revenue designated in Section 8.a. So, if the federal government collected $1 trillion from non-income-based taxes, and since 30% ($300 billion) of this revenue will be sent back to the States, then the State in this example would receive 10% of the $300 billion which comes to $30 billion. <u>This State would also receive 10% of the revenues from Section 8.a.ii, Section 8.a.iii, and Section 8.a.iv.</u>

c. The reimbursement revenue shall be in addition too, and not in lieu of, all other federal revenue earmarked for similar State and local programs and services as designated in the annual federal budget.

d. Each State shall create a new bank account to receive this money, and this account shall be titled: **(<u>Name of State</u>**) Federal Reimbursement Account #1.

e. On a quarterly basis, the federal Government shall deposit into each States' **(<u>Name of State</u>**) Federal Reimbursement Account #1, the amount owed each State as detailed above. This

[347] The States shall remain in compliance with all rules, regulations, and requirements of the Department of Education.

deposit shall be accompanied by a written breakdown detailing the exact amounts and sources of the revenue deposited into said account.

f. Each state shall then create another bank account to be titled, **(Name of State)** Federal Reimbursement Account #2, Public Education Trust Fund to receive funds from **(Name of State**) Federal Reimbursement Account #1.

g. **(Name of State**) Federal Reimbursement Account #1, shall deposit all of its' revenue into **(Name of State)** Federal Reimbursement Account #2, Public Education Trust Fund, except for 50% of the non-income-based tax revenue. This leaves 50% of the non-income-based revenue in **(Name of State**) Federal Reimbursement Account #1.

h. Each State shall deposit into **(Name of State)** Federal Reimbursement Account #2, Public Education Trust Fund, sufficient revenue, that, when combined with the federal revenue, shall fully fund public education as defined in Section 3.c of this proposal. This revenue shall be used only to fund public pre-school, public elementary, public middle, and public senior high schools, and public community colleges, public universities, and public vocational schools.

i. All revenue deposited into **(Name of State)** Federal Reimbursement Account #2, Public Education Trust Fund shall be distributed annually to the State's Counties, based solely on each County's student population as a percentage of the State's total student population, and the critria listed in Section 3.c.vii.

ii. Each County shall create a new bank account to accept these deposits, and this account shall be titled: **(Name of County)** Public Education Trust Fund. This account shall not accept revenue from any other source.

iii. It is specifically understood that all revenue earmarked for Public Education shall be used only to fund Public Education. Under no circumstances shall this revenue be used to fund any private non-profit schools, private for-profit schools, or religious schools of any nature.

i. **(Name of State**) Federal Reimbursement Account #1 now has 50% of the non-income-based revenue remaining in its' account (see Sections 8.g. above).

i. **(Name of State**) Federal Reimbursement Account #1, shall now transfer 75% of its' remaining revenue to its' County's, based solely on each County's population as a percentage of the State's population.

ii. Each County shall accept deposits from **(Name of State**) Federal Reimbursement Account #1 and deposit them into a newly created account to be titled: **(Name of County)** Federal Reimbursement Program. This account shall only fund, on an annual basis, the programs found in Sections 8.l. through Section 8.r. below.

iii. The remaining 25% shall remain in **Name of State**) Federal Reimbursement Account #1 to be used to fund the programs and services at the State level found in Section 8.k. below.

j. All programs and services funded in this proposal at the State and County level, shall be subject to independent citizen oversight and annual financial audits. All financial audits shall be published on line for easy public viewing within 10 business days of its completion. Prosecution for criminal misuse of these funds shall include, but not be limited to, repayment of the criminally misused money times three (3), and a minimum mandatory incarceration period of five (5) years.

Programs and services funded at the State level:

k. Science, Technology, and Medicine

(Name of State) Federal Reimbursement Account #1 shall fund the following programs and services:

i. Science, Technology, and Medicine

13% of the revenue in the **(Name of State)** Federal Reimbursement Account #1 shall be used to fund research and development proposals in science, technology, and medicine.[348] This money shall be allocated to State institutions that currently administer similar proposals, and/or to institutions that shall be created for this purpose. All of these institutions shall be in compliance with the following requirements:

1) All medical, scientific, and administrative employees within these institutions, and outside advisors to these institutions, shall have no financial ties to corporations that would benefit from approved proposals. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to corporations that would benefit in any way from the research, development, or implementation of these proposals.

2) Proposals to these institutions shall be accepted only from American citizens or wholly owned American companies with fewer than 250 employees that are not subsidiaries of larger corporations. All applicants shall have no financial ties to larger corporations that would benefit from these proposals. Financial ties include, but are not limited to, consulting fees, stock ownership, receiving royalties from or being a board member to larger corporations that would benefit from the proposal.

3) Research and development proposals shall be no longer than 20 pages in length, and all proposals shall be evaluated within 180 days. Rejected proposals shall have written explanations detailing the reasons for their rejection. Applicants may resubmit their proposal only once.

4) All applications and approved proposals shall be sent to and stored in a national data bank. This is to prevent random duplication of proposals. Approved proposals may be duplicated if researchers are trying to verify results, negative or positive. In these cases, the original protocol shall be followed without any changes whatsoever.

5) After an American citizen or wholly owned American company with fewer than 250 employees that are not subsidiaries of larger corporations successfully obtains a grant, if they are successful and the product is brought to market, a royalty of 25% of the gross income from sales of the product shall be paid annually to the U.S. Department of the Treasury.

ii. Public Medical Center Teaching Hospitals/General Acute Care Hospitals

22% of the revenue in the **(Name of State)** Federal Reimbursement Account #1 shall be used to fund the construction, maintenance, and administration of new Public Medical Center Teaching Hospitals (PMCTH); and to build, maintain, and administer new General Acute Care (GAC) hospitals as detailed below.

1) The states shall supply additional revenue to fully fund these PMCTH and GAC hospitals if the federal revenue from this section is insufficient.

[348] The reimbursement money earmarked for research and development proposals at the State level is in addition to, and not in lieu of, other federal money earmarked for basic research at the university level, or for the National Institutes of Health, and any and all other research and development programs currently funded by the federal government.

2) The Governor of each State shall appoint a Medical Director to oversee this program, and this Medical Director shall be approved by their State Legislature.
3) The number of Public Medical Center Teaching Hospitals shall be based on the ratio of one Public Medical Center Teaching Hospital per 1.75 million residents. For example, if a State has 12 million residents, it shall have at least seven Public Medical Center Teaching Hospitals. However, if this State already has, for example, three existing accredited teaching hospitals, it shall be required to build only four new Public Medical Center Teaching Hospitals to be in compliance with this statute.
4) Priority placement shall be given to place Public Medical Center Teaching Hospitals in densely populated, economically disadvantaged metropolitan areas first.
5) Geographic and population density statistics and anomalies shall be taken into consideration when deciding where to place Public Medical Center Teaching Hospitals in under-populated and sparsely populated regions.
6) All Public Medical Center Teaching Hospitals shall include medical schools for the education of doctors, nurses, dentists, mental health, and other allied health professionals as licensed by the states.
7) All Public Medical Center Teaching Hospitals shall have the capacity to enroll up to 150 first year medical students, 150 nursing students, and 150 dental students.

8) Tuition Rates for Medical Students:
   a. In State Residents: $15,000.00/year
   b. Out State Residents: $25,000.00/year
   c. Foreign Students: $60,000.00/year
   d. No more than 10% of any incoming class shall be made up of foreign students.

9) Graduating doctors and nurses shall be obligated to work for one year at the same Public Medical Center Teaching Hospital they were affiliated with. Medical students are not permitted to work more than 12 hours per shift, and shall rest a minimum of eight hours between shifts.

10) All Public Medical Center Teaching Hospitals shall have a minimum capacity of 500 in-patient beds, and a minimum of 100 beds for short term hospitalization.

11) All Public Medical Center Teaching Hospitals shall operate as non-profits.

12) The total number of General Acute Care hospitals [GAC]-shall be increased by 20%, based on the number of GAC hospitals in existence in 2001.

    Example: If a State had 50 government owned GAC hospitals in existence in 2001, that State shall now be required to build 10 new GAC hospitals meeting the criteria listed below:

   a. All GAC hospitals shall have the capability to treat patients for relatively brief but severe episodes of illness or trauma, and perform surgery.

   b. State lawmakers shall determine the in-patient bed capacity of the new GAC hospitals, which shall range from a minimum of 10 beds to a maximum of 300 beds.

   c. State lawmakers shall determine the geographic location of the new GAC hospitals based on population density, geographic anomalies, and the economics of local communities.

   d. All GAC hospitals shall operate as non-profits.

iii. Transportation and Infrastructure

a. 65% of the revenue in the **(Name of State)** Federal Reimbursement Account #1 shall be used to fund the repair, maintenance, and construction of our existing transportation infrastructure including roads, bridges, and waterways; to fund the repair, maintenance, and construction of sewage systems; and to fund light rail and other mass transit projects. This revenue shall be in addition to, and not in lieu of, all other federal revenue government agencies or departments have earmarked for the above projects.

b. The Governor of each State shall appoint a Transportation Director to oversee this program, and this Transportation Director shall be approved by their State Legislature.

Programs and services funded at the County level:

l. General Assistance.

45% of the revenue in the **(Name of County)** Federal Reimbursement Program account, shall be used to fund the following general assistance programs: Housing for battered women and their children, women's health care clinics and domestic violence programs; clean, safe and affordable housing for low-income senior citizens, the homeless, and those in danger of becoming homeless such as the disabled and veterans; distribution of high quality food to low-income individuals, families, senior citizens, and the homeless; homeownership assistance for the disabled, military veterans, and low-income families; and repairs and accessibility improvements to apartments for low-income individuals, low-income families, senior citizens, and disabled citizens.

m. Child Day Care.

20% of the revenue in the **(Name of County)** Federal Reimbursement Program account shall be used to fund child day care programs.

n. Mentally and Physically Disabled.

15 % of the revenue in the **(Name of County)** Federal Reimbursement Program account shall be used to fund programs and services for the mentally and physically disabled including, but not limited to, medical services, housing, vocational training, and job placement.

o. Drug Prevention Programs and Drug Rehabilitation Treatment Centers.

7% of the revenue in the **(Name of County)** Federal Reimbursement Program account shall be used to fund drug prevention programs and drug rehabilitation treatment centers. These treatment centers shall include nutritional supplementation and acupuncture as part of their rehabilitation protocols.

p. Adult Education and Job Training Programs.

7% of the revenue in **(Name of County)** Federal Reimbursement Program account shall be used to fund adult education and job training programs.

q. Non-profit Humanitarian Projects.

3% of the revenue in the **(Name of County)** Federal Reimbursement Program account shall be used to fund non-profit humanitarian projects. The maximum amount of funding any individual non-profit shall receive in any calendar year shall not exceed 5% of the total available funds allocated to this Section 8.q.

r. Non-profit cultural organizations.

3% s of the revenue in the **(Name of County)** Federal Reimbursement Program account shall be used to fund non-profit cultural organizations to promote theatre, music, art, dance, and literature. The maximum amount of funding any individual non-profit shall receive in any calendar year shall not exceed 5% of the total available funds allocated to this Section 8.r.

s. In the case of sparsely populated rural areas, where economic activity may revolve around overlapping county geographic zones, the reimbursement money shall be applied to the center of the economic zone as if it was one theoretical County.

t. If and when a program designated from Section 8.k. through Section 8.r. has been fully funded, future funding for that program shall be applied to the other programs listed above.

9. Defense Spending (National Security Surtax)

a. Congress shall not llocate, on an annual basis, more than twice the combined amount that China and Russia spend on their military budgets. Any amount over that, for whatever reason, shall be financed by a National Security Surtax, applied across the board to all taxpayers, as detailed below using 2012 as an example:

In 2012, China spent $166 billion and Russia spent $90.7 billion on their security.[349] This totaled $256.8 billion. This proposal will double that amount, to $513.6 billion, and anything above that would have to be financed by the National Security Surtax. Since $849.6 billion had been allocated for defense spending in 2012, subtracting $513.6 billion from $849.6 billion leaves $336 billion that would have to be raised through the National Security Surtax.

Based on the principles and income brackets found in Section 2, an average payment per bracket to cover the $336 billion would be as follows:

Bracket	Individual's Annual Gross Income	Average Tax Rate	Allocation per Tax Bracket	Allocation per Taxpayer	
Bracket #1	$1 - $100,000	14%	51.1%	$ 1,409	
Bracket #2	$100,001 - $200,000	18%	10.6%	2,278	
Bracket #3	$200,001 - $300,000	21%	4.1%	4,786	
Bracket #4	$300,001 - $400,000	24%	3.0%	12,786	
Bracket #5	$400,001 - $500,000	27%	1.8%	13,096	
Bracket #6	$500,001 - $600,000	30%	2.1%	33,905	
Bracket #7	$600,001 - $700,000	33%	1.6%	30,476	
Bracket #8	$700,001 - $800,000	36%	1.1%	26,991	
Bracket #9	$800,001 and above	39%	24.5%	144,370	
	Totals	19.4%	100%	2,353*	

*$2,353 is the additional average annual payment every taxpayer would be required to pay in 2012 if the National Security Surtax had been in effect at that time.

b. The entire Department of Defense annual budget shall be posted on the internet for easy public viewing within 10 business days of it's approval from the House Appropriations Committee.

[349] http://www.economist.com/blogs/graphicdetail/2013/04/daily-chart9

Part 4
Appendices A – G

Appendix A Calculating the Business Gross Sales Tax

In ascending order, separate the annual gross sales into the appropriate bracket(s), multiply by the corresponding percentage, and place the results in the **Tax Owed** column. Add the results in the **Tax Owed** column together to determine the **Total Tax Due**. The **Total Tax Due** is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006.

Business Gross Sales Tax

Bracket	Annual Gross Sales		Tax		Tax Owed
1	$1 – $250,000	x	0.50%	=	
2	$250,001 – $500,000	x	0.75%	=	
3	$500,001 – $1,000,000	x	1.00%	=	
4	$1,000,001 – $2,500,000	x	1.30%	=	
5	$2,500,001 – $5,000,000	x	1.70%	=	
6	$5,000,001 – $10,000,000	x	1.90%	=	
7	$10,000,001 – $50,000,000	x	2.10%	=	
8	$50,000,001 and above	x	2.25%	=	
			Total Tax Due:		

EXAMPLE #1 Calculating the Business Gross Sales Tax on gross sales of $150,000.

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Owed column.
- Add the Tax Owed column together to determine the Total Tax Due.

Bracket	Annual Gross Sales		Tax		Tax Owed
1	$150,000	x	0.50%	=	$750
2	$250,001 – $500,000	x	0.75%	=	
3	$500,001 – $1,000,000	x	1.00%	=	
4	$1,000,001 – $2,500,000	x	1.30%	=	
5	$2,500,001 – $5,000,000	x	1.70%	=	
6	$5,000,001 – $10,000,000	x	1.90%	=	
7	$10,000,001 – $50,000,000	x	2.10%	=	
8	$50,000,001 and above	x	2.25%	=	
			Total Tax Due:		**$750**

EXAMPLE #2 Calculating the Business Gross Sales Tax on gross sales of $450,000.

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Owed column.
- Add the Tax Owed column together to determine the Total Tax Due.

Bracket	Annual Gross Sales		Tax		Tax Owed
1	First $250,000	x	0.50%	=	$1,250
2	Balance $200,000	x	0.75%	=	1,500
3	$500,001 – $1,000,000	x	1.00%	=	
4	$1,000,001 – $2,500,000	x	1.30%	=	
5	$2,500,001 – $5,000,000	x	1.70%	=	
6	$5,000,001 – $10,000,000	x	1.90%	=	
7	$10,000,001 – $50,000,000	x	2.10%	=	
8	$50,000,001 and above	x	2.25%	=	
			Total Tax Due:		**$2,750**

EXAMPLE #3 Calculating the Business Gross Sales Tax on gross sales of $750,000

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Owed column.
- Add the Tax Owed column together to determine the Total Tax Due.

Bracket	Annual Gross Sales		Tax		Tax Owed
1	First $250,000	x	0.50%	=	$1,250
2	Second $250,000	x	0.75%	=	1,875
3	Third $250,000	x	1.00%	=	2,500
4	$1,000,001 – $2,500,000	x	1.30%	=	
5	$2,500,001 – $5,000,000	x	1.70%	=	
6	$5,000,001 – $10,000,000	x	1.90%	=	
7	$10,000,001 – $50,000,000	x	2.10%	=	
8	$50,000,001 and above	x	2.25%	=	
			Total Tax Due:		**$5,625**

EXAMPLE #4 Calculating the Business Gross Sales Tax on gross sales of $1,250,000.

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Owed column.
- Add the Tax Owed column together to determine the Total Tax Due.

Bracket	Annual Gross Sales		Tax		Tax Owed
1	First $250,000	x	0.50%	=	1,250
2	Next $250,000	x	0.75%	=	1,875
3	Next $500,000	x	1.00%	=	5,000
4	Balance $250,000	x	1.30%	=	3,250
5	$2,500,001 – $5,000,000	x	1.70%	=	
6	$5,000,001 – $10,000,000	x	1.90%	=	
7	$10,000,001 – $50,000,000	x	2.10%	=	
8	$50,000,001 and above	x	2.25%	=	
			Total Tax Due	=	**$11,375**

EXAMPLE 5 # Calculating the Business Gross Sales Tax on gross sales of $3,000,000.

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Owed column.
- Add the Tax Owed column together to determine the Total Tax Due.

Bracket	Annual Gross Sales		Tax		Tax Owed
1	First $250,000	x	0.50%	=	1,250
2	Next $250,000	x	0.75%	=	1,875
3	Next $500,000	x	1.00%	=	5,000
4	Next $1,500,000	x	1.30%	=	19,500
5	Balance $1,500,000	x	1.70%	=	25,500
6	$5,000,001 – $10,000,000	x	1.90%	=	
7	$10,000,001 – $50,000,000	x	2.10%	=	
8	$50,000,001 and above	x	2.25%	=	
			Total Tax Due	=	**$53,125**

<u>EXAMPLE 6 #</u> Calculating the Business Gross Sales Tax on gross sales of $8,500,000.

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Owed column.
- Add the Tax Owed column together to determine the Total Tax Due.

Bracket	Annual Gross Sales		Tax		Tax Owed
1	First $250,000	x	0.50%	=	1,250
2	Next $250,000	x	0.75%	=	1,875
3	Next $500,000	x	1.00%	=	5,000
4	Next $1,500,000	x	1.30%	=	19,500
5	Next $2,500,000	x	1.70%	=	42,500
6	Balance $3,500,000	x	1.90%	=	66,500
7	$10,000,001 – $50,000,000	x	2.10%	=	
8	$50,000,001 and above	x	2.25%	=	
			Total Tax Due	=	**$136,625**

<u>EXAMPLE 7 #</u> Calculating the Business Gross Sales Tax on gross sales of $25,000,000.

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Owed column.
- Add the Tax Owed column together to determine the Total Tax Due.

Bracket	Annual Gross Sales		Tax		Tax Owed
1	First $250,000	x	0.50%	=	1,250
2	Next $250,000	x	0.75%	=	1,875
3	Next $500,000	x	1.00%	=	5,000
4	Next $1,500,000	x	1.30%	=	19,500
5	Next $2,500,000	x	1.70%	=	42,500
6	Next $5,000,000	x	1.90%	=	95,000
7	Balance $15,000,000	x	2.10%	=	315,000
8	$50,000,001 and above	x	2.25%	=	
			Total Tax Due	=	**$480,125**

<u>EXAMPLE 8 #</u> Calculating the Business Gross Sales Tax on gross sales of $75,000,000.

- Separate the annual gross sales into the corresponding gross sales bracket(s).
- Multiply by the corresponding percentage and place this amount in the Tax Owed column.
- Add the Tax Owed column together to determine the Total Tax Due.

Bracket	Annual Gross Sales		Tax		Tax Owed
1	First $250,000	x	0.50%	=	1,245
2	Next $250,000	x	0.75%	=	1,875
3	Next $500,000	x	1.00%	=	5,000
4	Next $1,500,000	x	1.30%	=	19,500
5	Next $2,500,000	x	1.70%	=	42,500
6	Next $5,000,000	x	1.90%	=	95,000
7	Next $40,000,000	x	2.10%	=	840,000
8	Balance $25,000,000	x	2.25%	=	562,500
			Total Tax Due	=	**$1,567,625**

Appendix B Comparing Business Taxes

Even though business payroll obligations have increased from 7.65% to 11%, the savings generated from the Business Gross Sales Tax, combined with the savings produced by funding National Health Care through payroll taxes not only offsets the increase, but results in an overall decline in business tax liability. The following form has been created to illustrate this fact, and for you to compare what you pay in the current system to what you can expect to pay in the proposed system.

Current Tax System	**Current Taxes**	**Proposed Tax System**	**Proposed Taxes**
Social Security	$	Social Security	$
Medicare		Medicare	
Health Care Expenditures		National Health Care Expenditures	
Federal Business Tax		Gross Sales Tax	
Accounting Fees		Accounting Fees	
Workers Compensation		Workers Compensation (reduced)	
Total Taxes Paid	**$**	**Total Taxes Paid**	**$**

Appendix C Calculating Individual Taxes

Individual taxes are payroll taxes for Social Security, Medicare, National Health Care, and Public Education. These taxes shall be generated from the **Total Tax Base** which is produced from the individual's annual gross income.

i. Annual gross income shall include income from all sources except inheritance, which is covered in Section 6, Estate Taxes. The remaining annual gross income shall include, but not limited to, capital gains, dividends, wages, salaries, fees, commissions, royalties, rental property income, pass-through income, interest (from all sources), the proceeds from the sale of a business, trust fund money, gifts valued at $15,000.00 and above, income from all foreign accounts, and any and all types of employment compensation including, but not limited to, carried interest, bonuses, stock options, insurance policies, legal services, country club memberships, cars, etc.

ii. **NO DEDUCTIONS OF ANY KIND ARE PERMITTED UNDER THIS ACT**

iii. To determine the **Total Tax Base** upon which payroll taxes are based, in ascending order, separate the annual gross income into the appropriate Individual Annual Gross Income bracket(s), multiply by the tax associated with each bracket, and place the results in the **Tax Base** column, Add the results together to determine the **Total Tax Base.**

Bracket	**Annual Gross Income**		**Tax**		**Tax Base**
1	$1 – $100,000	x	10%	=	
2	$100,001 – $200,000	x	12%	=	
3	$200,001 – $300,000	x	14%	=	
4	$300,001 – $400,000	x	16%	=	
5	$400,001 – $500,000	x	18%	=	
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,001 and above	x	26%	=	
			Total Tax Base	=	

iv. To determine the Total Payroll Taxes Owed, the **Total Tax Base** is multiplied by the percentages associated with Social Security (65%), Medicare (30%), National Health Care (45%), and Public Education (10%). These amounts are then added together to determine the Total Payroll Taxes Owed.

Social Security	**Total Tax Base**	x	65%	=	
Medicare	**Total Tax Base**	x	30%	=	
National Health Care	**Total Tax Base**	x	45%	=	
Public Education	**Total Tax Base**	x	10%	=	
			Total Payroll Taxes	=	

<u>Example #1</u>

Assume an individual earns an annual gross income of $40,000.

The individual's payroll tax obligation for Social Security, Medicare, National Health Care, and Public Education are calculated as follows:

- In ascending order, separate the annual gross income into the appropriate Individual Annual Gross Income bracket(s), multiply by the corresponding percentage(s), and place the results in the **Tax Base** column.
- In this example, $40,000.00 of annual gross income falls into bracket #1.
- Multiply the $40,000 by10% and place the result in the **Tax Base** column.
- Adding up the **Tax Base** column results in the **Total Tax Base** which is used as the basis to determine the taxes owed Social Security, Medicare, National Health Care, and Public Education.

Bracket	**Annual Gross Income**		**Tax**		**Tax Base**
1	$40,000	x	10%	=	4,000
2	$100,001 – $200,000	x	12%	=	
3	$200,001 – $300,000	x	14%	=	
4	$300,001 – $400,000	x	16%	=	
5	$400,001 – $500,000	x	18%	=	
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,001 and above	x	26%	=	
			Total Tax Base	=	**$4,000**

The **Total Tax Base** is then multiplied by the percentages associated with Social Security (65%), Medicare (30%), National Health Care (45%), and Public Education (10%) to determine the taxes owed each program. Adding up the amounts owed each program determines the total amount of payroll taxes owed.

Social Security	**Total Tax Base ($4,000)**	x	65%	=	2,600
Medicare	**Total Tax Base ($4,000)**	x	30%	=	1,200
National Health Care	**Total Tax Base ($4,000)**	x	45%	=	1,800
Public Education	**Total Tax Base ($4,000)**	x	10%	=	400
			Total Payroll Taxes	=	**$6,000**

In this case, an individual with annual gross income of $40,000 will pay $6,000 in payroll taxes, an actual tax rate of 15%.

Example #2

Assume an individual earns an annual gross income of $120,000.

The individual's payroll tax obligation for Social Security, Medicare, National Health Care, and Public Education are calculated as follows:

- In ascending order, separate the annual gross income into the appropriate Individual Annual Gross Income bracket(s), multiply by the corresponding percentage(s), and place the results in the **Tax Base** column.
- In this example, $120,000 of annual gross income falls into bracket #1 and bracket #2.
- Multiply the first $100,000 by10%, and place the result in the **Tax Base** column,
- Place the balance, $20,000, in the second bracket and multiply this amount by 12%, and place this amount in the **Tax Base** column.
- Adding up the **Tax Base** column results in the **Total Tax Base** which is used as the basis to determine the taxes owed Social Security, Medicare, National Health Care, and Public Education.

Bracket	**Annual Gross Income**		**Tax**		**Tax Base**
1	First $100,000	x	10%	=	10,000
2	Balance $20,000	x	12%	=	2,400
3	Third $100,000	x	14%	=	
4	Balance $20,000	x	16%	=	
5	$400,001 – $500,000	x	18%	=	
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,001 and above	x	26%	=	
			Total Tax Base	=	**$12,400**

The **Total Tax Base** is multiplied by the percentages associated with Social Security (65%), Medicare (30%), National Health Care (45%), and Public Education (10%) to determine the taxes owed each program. Adding up the amounts owed each program determines the total amount of payroll taxes owed.

Social Security	**Total Tax Base ($12,400)**	x	65%	=	8,060
Medicare	**Total Tax Base ($12,400)**	x	30%	=	3,720
National Health Care	**Total Tax Base ($12,400)**	x	45%	=	5,580
Public Education	**Total Tax Base ($12,400)**	x	10%	=	1,240
			Total Payroll Taxes	=	**$18,600**

In this case, an individual with annual gross income of $120,000 will pay $18,600 in payroll taxes, an actual tax rate of 15.5%.

Example #3

Assume an individual has an annual gross income of $320,000:

- In ascending order, separate the annual gross income into the appropriate Individual Annual Gross Income bracket(s), multiply by the corresponding percentage(s), and place the results in the **Tax Base** column.
- In this example, $320,000 of annual gross income falls into bracket #1, bracket #2, bracket #3, and bracket #4.
- Multiply the first $100,000 by10% and place the result in the **Tax Base** column. Multiply the second $100,000 by 12% and place the result in the **Tax Base** column. Multiply the third $100,000 by 14% and place the result in the **Tax Base** column.
- Place the balance, $20,000 in the fourth bracket and multiply this amount by 16%, and place this amount in the **Tax Base** column.
- Adding up the **Tax Base** column results in the **Total Tax Base** which is used as the basis to determine the taxes owed Social Security, Medicare, National Health Care, and Public Education.

Bracket	Annual Gross Income		Tax		Tax Base
1	First $100,000	x	10%	=	10,000
2	Second $100,000	x	12%	=	12,000
3	Third $100,000	x	14%	=	14,000
4	Balance $20,000	x	16%	=	3,200
5	$400,001 – $500,000	x	18%	=	
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,001 and above	x	26%	=	
			Total Tax Base	=	**$39,200**

The **Total Tax Base** is then multiplied by the percentages associated with Social Security (65%), Medicare (30%), National Health Care (45%), and Public Education (10%), and added together to determine the **Total Payroll Taxes Owed**.

Social Security	**Total Tax Base** ($39,200)	x	65%	=	$25,480
Medicare	**Total Tax Base** ($39,200)	x	30%	=	11,760
National Health Care	**Total Tax Base** ($39,200)	x	45%	=	17,640
Public Education	**Total Tax Base** ($39,200)	x	10%	=	3,920
			Total Payroll Taxes	=	**$58,800**

In this case, an individual with annual gross income of $320,000 would pay only $58,800 in payroll taxes, an actual tax rate of 18.38%.

<u>Example #4</u>
Assume an individual earns an annual gross income of $450,000.

- In ascending order, separate the annual gross income into the appropriate Individual Annual Gross Income bracket(s), multiply by the corresponding percentage(s), and place the results in the **Tax Base** column.
- In this example, $450,000 of annual gross income falls into bracket #1, bracket #2, bracket #3, bracket #4, and bracket #5.
- Multiply the first $100,000 by 10% and place the result in the **Tax Base** column. Multiply the second $100,000 by 12% and place the result in the **Tax Base** column. Multiply the third $100,000 by 14% and place the result in the **Tax Base** column. Multiply the fourth $100,000 by 16% and place the result in the **Tax Base** column, Place the balance, $50,000, in the fifth bracket and multiply this amount by 18% and place this amount in the **Tax Base** column.
- Adding up the **Tax Base** column results in the **Total Tax Base** which is used as the basis to determine the taxes owed Social Security, Medicare, National Health Care, and Public Education.

Bracket	**Annual Gross Income**		**Tax**		**Tax Base**
1	First $100,000	x	10%	=	10,000
2	Second $100,000	x	12%	=	12,000
3	Third $100,000	x	14%	=	14,000
4	Fourth $100,000	x	16%	=	16,000
5	Balance $50,000	x	18%	=	9,000
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,001 and above	x	26%	=	
			Total Tax Base	=	**$61,000**

The **Total Tax Base** is then multiplied by the percentages associated with Social Security (65%), Medicare (30%), National Health Care (45%), and Public Education (10%), and added together to determine the **Total Payroll Taxes Owed**.

Social Security	**Total Tax Base** ($61,000)	x	65%	=	$39,650
Medicare	**Total Tax Base** ($61,000)	x	30%	=	18,300
National Health Care	**Total Tax Base** ($61,000)	x	45%	=	27,450
Public Education	**Total Tax Base** ($61,000)	x	10%	=	6,100
			Total Payroll Taxes	=	**$91,500**

In this case, an individual with annual gross income of $450,000 would pay $91,500 in payroll taxes, an actual tax rate of 20%.

Example #5

Assume an individual earns an annual gross income of $2,500,000.

- In ascending order, separate the annual gross income into the appropriate Individual Annual Gross Income bracket(s), multiply by the corresponding percentage(s), and place the results in the **Tax Base** column.
- In this example, $2,500,000 of annual gross income falls into all nine brackets.
- Multiply the first $100,000 by 10% and place the result in the **Tax Base** column. Multiply the second $100,000 by 12% and place the result in the **Tax Base** column. Multiply the third $100,000 by 14% and place the result in the **Tax Base** column. Multiply the fourth $100,000 by 16% and place the result in the **Tax Base** column. Multiply the fifth $100,000 by 18% and place the result in the **Tax Base** column. Multiply the sixth $100,000 by 20% and place the result in the **Tax Base** column. Multiply the seventh $100,000 by 22% and place the result in the **Tax Base** column. Multiply the eighth $100,000 by 24% and place the result in the **Tax Base** column. Place the balance, $1,700,000, in the ninth bracket and multiply this amount by 26%, and place this amount in the **Tax Base** column.
- Adding up the **Tax Base** column results in the **Total Tax Base** which is used as the basis to determine the taxes owed Social Security, Medicare, National Health Care and Public Education.

Bracket	**Annual Gross Income**		**Tax**		**Tax Base**
1	First $100,000	x	10%	=	10,000
2	Second $100,000	x	12%	=	12,000
3	Third $100,000	x	14%	=	14,000
4	Fourth $100,000	x	16%	=	16,000
5	Fifth $100,000	x	18%	=	18,000
6	Sixth $100,000	x	20%	=	20,000
7	Seventh $100,000	x	22%	=	22,000
8	Eighth $100,000	x	24%	=	24,000
9	Balance $1,700,000	x	26%	=	442,000
			Total Tax Base	=	**$578,000**

The **Total Tax Base** is then multiplied by the percentages associated with Social Security (65%), Medicare (30%), National Health Care (45%), and Public Education (10%), and added together to determine the **Total Payroll Taxes Owed**.

Social Security	**Total Tax Base** (578,000)	x	65%	=	$375,700
Medicare	**Total Tax Base** (578,000)	x	30%	=	173,400
National Health Care	**Total Tax Base** (578,000)	x	45%	=	260,100
Public Education	**Total Tax Base** (578,000)	x	10%	=	57,800
			Total Payroll Taxes	=	**$867,000**

In this case, an individual with annual gross income of $2,500,000 would pay $867,000 in payroll taxes, an actual tax rate of 34.7%.

Example #6 Additional untaxed income

Assume an individual had an annual gross income of $75,000, of which $50,000 had been taxed, and $25,000, for whatever reason, had not been taxed.

- The $25,000 of untaxed income falls into bracket #1 because this $25,000, when added to the prior taxed $50,000, totals $75,000. This amount still falls within the $100,000 parameter of bracket #1.
- Multiply the $25,000 by 10% and place this amount in the Tax Base column.
- Adding up the **Tax Base** column results in the **Total Tax Base** which is used as the basis to determine the additional taxes owed Social Security, Medicare, National Health Care, and Public Education.

Bracket	Annual Gross Income		Tax		Tax Base
1	$25,000	x	10%	=	$2,500
2	$100,001 – $200,000	x	12%	=	
3	$200,001 – $300,000	x	14%	=	
4	$300,001 – $400,000	x	16%	=	
5	$400,001 – $500,000	x	18%	=	
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,000 and above	x	26%	=	
Total Tax Base				=	**$2,500**

The **Total Tax Base** is then multiplied by the percentages associated with Social Security (65%), Medicare (30%), National Health Care (45%), and Public Education (10%) to determine the taxes owed each program. Adding up the amounts owed each program determines the amount of additional payroll taxes owed.

Social Security	**Total Tax Base ($2,500)**	x	65%	=	1,625
Medicare	**Total Tax Base ($2,500)**	x	30%	=	750
National Health Care	**Total Tax Base ($2,500)**	x	45%	=	1,125
Public Education	**Total Tax Base ($2,500)**	x	10%	=	250
Total Additional Payroll Taxes Owed				=	**$3,750**

In this case, an individual with $25,000 of income that had not been taxed would pay $3,750 in additional payroll taxes.

Example #7 Additional untaxed income

Assume an individual had an annual gross income of $225,000, of which $75,000 had been taxed, and $150,000, for whatever reason, had not been taxed. The first $25,000 of untaxed income falls into bracket #1 because this $25,000, when added to the prior taxed $75,000, totals $100,000, and falls within the $100,000 parameter of bracket#1.

- Multiply the first $25,000 by 10% and place the result in the Tax Base column.
- Multiply the second $100,000 of untaxed income by 12% and place the result in the Tax Base column.
- Multiply the balance of untaxed income, $50,000, by 14% and place the result in the Tax Base column.
- Adding up the **Tax Base** column results in the **Total Tax Base** which is used as the basis to determine the additional taxes owed Social Security, Medicare, National Health Care, and Public Education.

Bracket	Annual Gross Income		Tax		Tax Base
1	$25,000	x	10%	=	$2,500
2	Second $100,000	x	12%	=	12,000
3	Balance $25,000	x	14%	=	3,500
4	$300,001 – $400,000	x	16%	=	
5	$400,001 – $500,000	x	18%	=	
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,000 and above	x	26%	=	
			Total Tax Base	=	**$18,000**

The **Total Tax Base** is then multiplied by the percentages associated with Social Security (65%), Medicare (30%), National Health Care (45%), and Public Education (10%) to determine the taxes owed each program. Adding up the amounts owed each program determines the amount of additional payroll taxes owed.

Social Security	**Total Tax Base ($18,000)**	x	65%	=	11,700
Medicare	**Total Tax Base ($18,000)**	x	30%	=	5,400
National Health Care	**Total Tax Base ($18,000)**	x	45%	=	8,100
Public Education	**Total Tax Base ($18,000)**	x	10%	=	1,800
	Total Additional Payroll Taxes Owed			=	**$27,000**

In this case, an individual with $150,000 of income that had not been taxed would pay $27,000 in additional payroll taxes.

Example #8 (Additional income)

Assume an individual earns an annual gross income of $150,000, of which $100,000 has already been taxed, and $50,000 is from additional income, that for whatever reason, had not been taxed.

Since the first $100,000 of income has already been taxed, the balance, $50,000, is placed in bracket #2 and is taxed at 12%. This creates a Total Tax Base of $6,000:

Bracket	Annual Gross Income		Tax		Tax Base
1	First $100,000	x	10%	=	Already Taxed
2	Next $50,000	x	12%	=	6,000
3	$200,001 – $300,000	x	14%	=	
4	$300,001 – $400,000	x	16%	=	
5	$400,001 – $500,000	x	18%	=	
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,000 and above	x	26%	=	
			Total Tax Base	=	**$6,000**

- The **Total Tax Base** is then multiplied by the percentages associated with Social Security (65%), Medicare (30%), National Health Care (45%), and Public Education (10%) to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $6,000.

Social Security	**Total Tax Base ($6,000)**	x	65%	=	3,900
Medicare	**Total Tax Base ($6,000)**	x	30%	=	1,800
National Health Care	**Total Tax Base ($6,000)**	x	45%	=	2,700
Public Education	**Total Tax Base ($6,000)**	x	10%	=	600
			Total Payroll Taxes	=	**$9,000**

- Adding together the amount owed each program results in the total amount of additional payroll taxes owed, which in this case is $9,000.

<u>Example #9 (Additional income)</u>

Assume an individual earns an annual gross income of $350,000, of which $100,000 has already been taxed, and $250,000 is from additional income.

Bracket	Annual Gross Income		Tax		Tax Base
1	First $100,000	x	10%	=	Already taxed
2	Next $100,000	x	12%	=	12,000
3	Next $100,000	x	14%	=	14,000
4	Next $50,000	x	16%	=	8,000
5	$400,001 – $500,000	x	18%	=	
6	$500,001 – $600,000	x	20%	=	
7	$600,001 – $700,000	x	22%	=	
8	$700,001 – $800,000	x	24%	=	
9	$800,001 and above	x	26%	=	
			Total Tax Base	=	$34,000

- The **Total Tax Base** is multiplied by the percentages associated with Social Security, Medicare, National Health Care, and Public Education to determine the taxes owed each program. In this example, the **Total Tax Base** has been determined to be $34,000.00.

Social Security	**Total Tax Base ($34,000)**	x	65%	=	$22,100
Medicare	**Total Tax Base ($34,000)**	x	30%	=	10,200
National Health Care	**Total Tax Base ($34,000)**	x	45%	=	15,300
Public Education	**Total Tax Base ($34,000)**	x	10%	=	3,400
			Total Payroll Taxes	=	**$51,000**

Adding together the amount owed each program results in the **Total Payroll Taxes** owed. This amount is sent to the federal government under the same procedures used to collect taxes of this nature in effect as of January 1, 2006. In this example, the total amount due in additional taxes is $51,000.

Appendix D Comparing Individual Taxes

It is important for you, the reader, to be able to compare for yourself the total amount of taxes you will pay in the proposed tax system to what you are paying in the current tax system. The following form has been prepared for you to do so. College tuition and health care expenses have been included to make the comparison more accurate. Be sure to include all premiums, deductibles, co-payments, and out of pocket expenses when totaling your current health care costs. (Refer to Appendix C for examples on how to calculate your taxes for Social Security, Medicare, National Health Care, and Public Education in the proposed tax system.) Please pay careful attention to the differences between how the present tax system and the proposed tax system directly benefit the taxpayer.

Current Tax System		**Proposed Tax System**	
Social Security	$	Social Security	$
Medicare		Medicare	
Health Care Costs (Premiums, deductibles, co-pays, out-of-pocket expenses, medications)		National Health Care	
N/A		Public Education	
College Tuition		College Tuition	Free
Federal Income Tax		Less tax refund if applicable	
Total Taxes Paid	$	**Total Taxes Paid**	$

Appendix E Wall Street Trading and Speculators Tax Act (S.1787)

The following analysis/summary of the transaction tax on stocks, bonds, derivatives, and other debt securities has been provided from the office of Senator Tom Harkin, sponsor of the bill, and is based on the assessment provided to them from the JTC.

Wall Street Trading and Speculators Tax Act (S.1787)
The Wall Street Trading and Speculators Tax Act, introduced by Senator Tom Harkin (D-Iowa) and co-sponsored by Senators Bernie Sanders (I-Vermont), Sherrod Brown (D-Ohio), and Sheldon Whitehouse (D-Rhode Island), would place a small tax on common financial trades undertaken by banks and financial firms. Congressman Peter DeFazio has introduced companion legislation in the House as H.R. 3313 along with 36 co-sponsors.

The measure will place a small tax of 3 basis points (**3 pennies on $100 in value or 0.03%**) on trading of financial securities, including stocks, bonds and other debt securities, except for their initial issuance. The tax would also cover all derivative contracts at their actual cost, rather than the notional cost of their underlying security.

By setting the tax rate very low, the measure is not likely to impact the decision to engage in productive economic activity. It would, however, reduce certain speculative activities like high-speed computer trading. Because the frequency of financial transactions is so high, even with this very low rate of taxation, the proposal was estimated by the non-partisan Joint Committee on Taxation to generate **$352 billion over 10 years**.

What trades are *not* taxed?
It does not cover common, everyday transactions undertaken by consumers. As such, among other things, the bill does not tax:

- The purchase of any goods or services,
- Getting a loan, including a mortgage, auto loan, student loan, or credit card,
- Initial issuance of financial securities otherwise covered under the bill, including initial public offerings (IPOs),
- Buying currency (e.g. exchanging money),
- Buying debt instruments that have a fixed maturity of no more than 100 days, such as a 3-month Treasury note or commercial paper

Who must pay this tax and how is it collected?
The tax is imposed upon trades that take place within the United States and on trades occurring outside the United States if any party to the transaction is a U.S. corporation, partnership, or individual.

For the vast majority of transactions, the tax would be collected by exchanges like the New York Stock Exchange or, if the transaction is not traded on an exchange, by the broker. In very rare cases where exchanges or brokers are unable to collect the tax, the responsibility shifts to the buyer. This collection system serves to minimize paperwork and maximize compliance.

Will this tax harm our economy and drive our financial sector overseas?
A small transaction tax of this sort is not an untested or novel concept, either in the U.S. or in other countries, and its impact on GDP would be minimal. Until 1966, the United States taxed all stock transactions and transfers. During the Great Depression, Congress doubled the transaction tax rate in order to finance economic recovery initiatives.

Claims about the U.S. losing financial sector market share to other countries are exaggerated. Thirty other nations, including the United Kingdom, currently impose a transaction tax, and in each case the rate is higher than our proposed rate of 0.03%. 11 European Union nations have agreed to move forward with a 10-basis point tax (0.1%), more than three times our proposed tax rate. Furthermore, Joint Committee on Taxation staff has concluded that the off shoring of trades to foreign exchanges would be small.

Will this tax have a noticeable impact on ordinary investors?

Because the size of the tax (3 pennies on $100) is so small, typical investors who use financial markets to obtain loans, invest, save for retirement, and manage risk, will feel minimal impact from this tax. The following examples illustrate this point.

> Assuming that a typical small business, with annual revenue of $5 million, turns over about 25% of $1.25 million in investments per year, it would pay less than $200 per year in tax. That's about what it would cost to hire a worker at $15 per hour for about a day and a half.
>
> The median 401(k**)** balance in the U.S. is $60,000, and the average turnover rate is about 50%, so a typical small investor would pay about $18 per year in FTTs. That's less than 1/33 of what full-service fund managers -- and 1/8 of what even "no-load" funds -- can charge investors in 12b-1 "services" fees. If an investor responds to the tax by reducing trading by 10%, then he or she would actually end up paying slightly less in overall transaction costs.
>
> A farmer with a 1000-acre farm – half corn, half soybean – who spends $60,000 on initial margin costs for futures contracts to lock-in prices for 90,000 bushels of corn and 25,000 bushels of soybeans would pay a tax of about $20. These margin costs might increase slightly over time depending on price fluctuations.

Groups supporting this bill include:

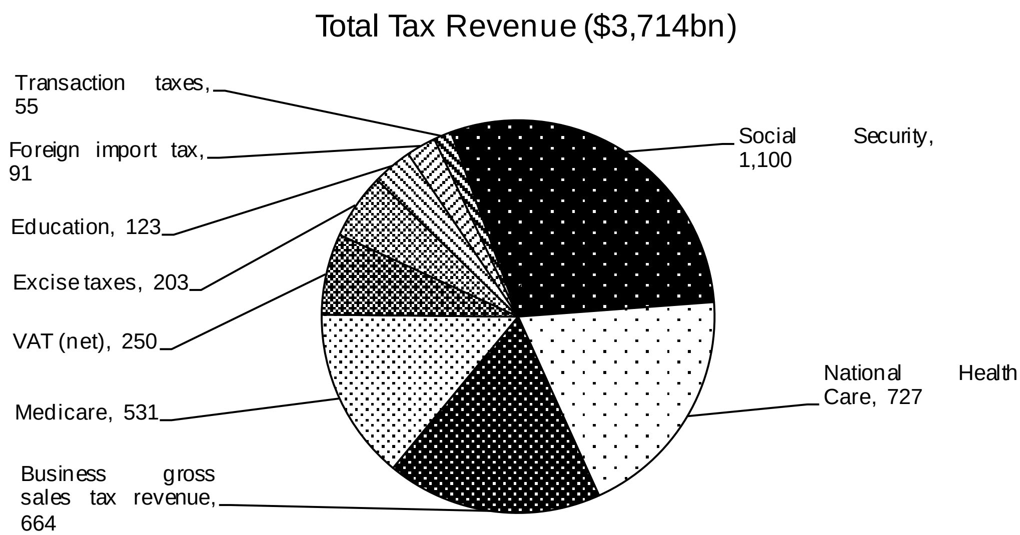
AFSCME, CWA, IFPTE, NEA, SEIU, Teamsters, Americans for Financial Reform, Consumer Action, Demos, Public Citizen, United for a Fair Economy, Center for Media and Democracy, Jobs with Justice, League of Rural Voters, Main Street Alliance, Rebuild the Dream, Tax Justice Network USA, Wealth for the Common Good, U.S. PIRG, Institute for Agriculture and Trade Policy, Alliance for a Just Society, National Women’s Law Center, USAction, Health GAP, Interfaith Worker Justice, Leadership Conference on Civil and Human Rights.

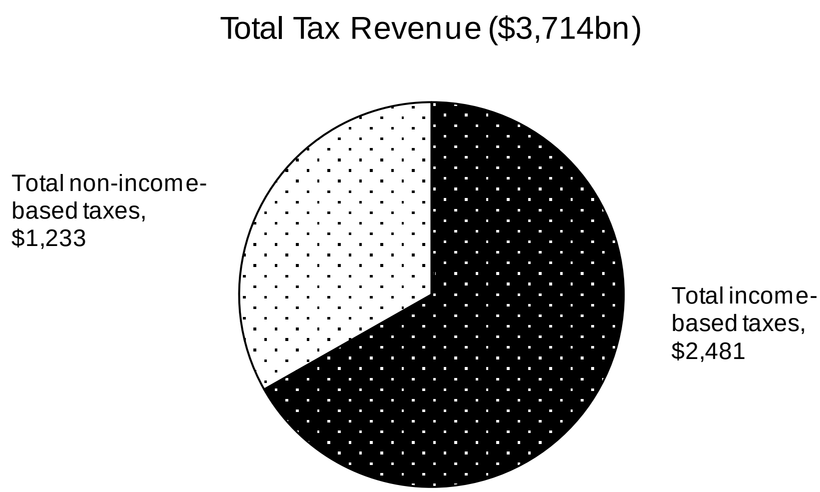
Appendix F Projected Tax Revenue for 2012 ($bn)

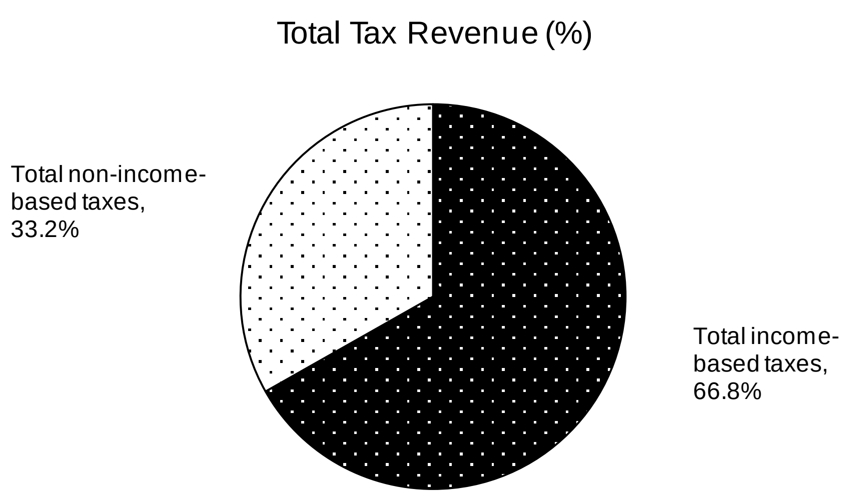
Income-based tax revenue	Social Security	National Health Care	Medi-care	Public Educ-ation	Total	Source
Individual payroll tax	802	555	370	123	1,850	(1)
Business payroll tax	298	172	160	-	631	(2)
Total income based taxes	1,100	727	531	123	2,481	

Non-income based tax revenue	Total	Source
Business Gross Sales Tax revenue	664	(3)
Value Added Tax gross	260	(4)
(less refund for low-income consumers)	(10)	(5)
VAT (net)	250	
Foreign Import Tax	91	(6)
Penalty	(unknown)	
Excise taxes		
Gasoline	86	(7)
Estate transfers	62	(8)
Alcohol, tobacco, & firearms	25	(9)
National resources	5	(10)
Other excises taxes	25	(11)
Subtotal excises taxes	203	
Transaction Taxes		
Residential property sold	12	(12)
Commercial property sold	3	(13)
Businesses sold	5	(14)
Financial Transactions tax	35	(15)
Subtotal transaction taxes	55	
Total non-income based taxes (gross)	1,263	
(less refund for low-income households)	(30)	(5)
Total non-income based taxes	1,233	

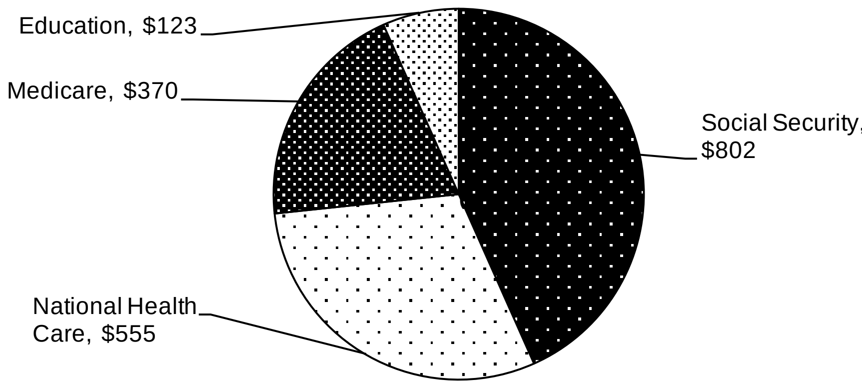
Total income-based taxes	2,481
Total non-income based taxes	1,233
Total net tax revenue	**3,714**


Total Tax Revenue ($3,714bn)
Transaction taxes, 55
Foreign import tax, 91
Education, 123
Excise taxes, 203
VAT (net), 250
Medicare, 531
Business gross sales tax revenue, 664
Social Security, 1,100
National Health Care, 727

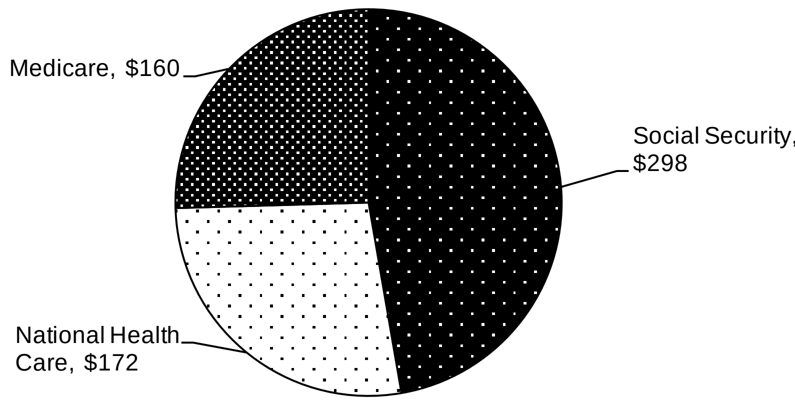

Total Tax Revenue ($3,714bn)
Total non-income-based taxes, $1,233
Total income-based taxes, $2,481


Total Tax Revenue (%)
Total non-income-based taxes, 33.2%
Total income-based taxes, 66.8%

Individual Payroll Tax Revenue ($1,850bn)

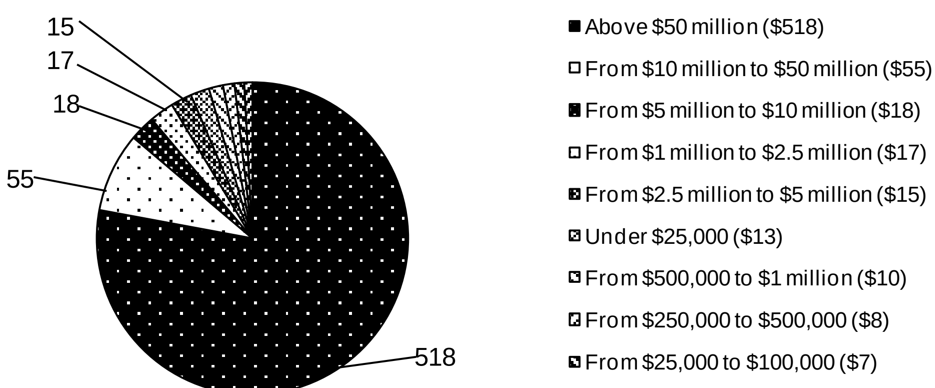


Business Payroll Tax Revenue ($631bn)



Business gross sales tax revenue ($664bn)

[Breakdown per business size based on revenue ($mn)]



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4. http://www.hamiltonproject.org/assets/legacy/files/downloads_and_links/THP_15WaysFedBudget_Prop10.pdf
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5. https://www.census.gov/programs-surveys/acs/data.html

2012 Poverty thresholds	Income threshold	Proposed tax reform plan's 10% breaks	Millions of Families	Estimated mean sub-threshold income	Aggregate refund ($mn)
1-person family unit	11,720	$11,000	15.3	$10,500	$ 16,044
2-person family unit	14,937	15,000	1.4	14,300	1,931
3-person family unit	18,284	20,000	2.5	19,000	4,680
4-person family unit	23,492	25,000	3.1	23,800	7,402
			22.2		$ 30,056

6. https://www.census.gov/foreign-trade/statistics/historical/goods.pdf

7. https://www.fhwa.dot.gov/policyinformation/motorfuel/dec12/dec12.pdf

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Appendix G The Struggle Within Public Education

From its beginning, public education in America has struggled with competing philosophies as to who should be educated and what should be taught. Our first public school, the Boston Latin School, was founded on April 23, 1635. It offered free education to boys - rich or poor - while girls attended private schools at home.[350] Twelve years later, the General Court of the Massachusetts Bay Colony decreed that every town of fifty families should have an elementary school and that every town of 100 families should have a Latin school. The goal was to ensure that Puritan children learned to read the Bible and receive basic information about their Calvinist religion.[351]

Since then, the history of public education is replete with examples of progress followed by darkness. While the march toward education for all is happening on one track, the denial of education to minorities, the working class, and the poor has existed simultaneously. For example, in 1785 The Continental Congress brought into law the origins the of the "land grant universities," the state public universities that exist today. And, in 1817 a petition presented in a Boston Town Meeting called for the establishment of a system of free public primary schools.

However, by the 1830's most southern states had laws forbidding teaching slaves to read. And in 1864, Congress made it illegal for Native Americans to be taught in their native languages. Native children as young as four years old were taken from their parents and sent to the Bureau of Indian Affairs off-reservation boarding schools, whose goal, as one BIA official put it, was to "kill the Indian to save the man."[352]

1896

In 1896, in the infamous *Plessy v. Ferguson* decision, the Supreme Court ruled that the state of Louisiana had the right to require "separate but equal" railroad cars for Blacks and whites, officially recognizing segregation as legal. Southern states then passed laws requiring racial segregation in public schools.

1920 - 1948

From 1920–1948, the University of Minnesota formally operated under anti-Semitic policies reflecting guidelines in force nationwide:

> "Jewish students were treated by University of Minnesota administrators and many of their peers as "different," "inferior," or even "dangerous." Nevertheless, Jewish students were admitted to most of the University's colleges, including its professional schools, where there were rigid quotas to keep their numbers to a minimum, and medical internship were sometimes made "proportional" to the number of Jews in the state. The nation's quota system that began in the late 1910's dramatically limited the number of Jewish students who could attend private colleges and many professional schools."[353]

1944

In 1944, despite fierce opposition, the G.I. Bill of Rights was passed. James Conant, president of Harvard University and Robert Maynard Hutchins, president of the University of Chicago, led the charge against educating the "least capable" among the working-class people since it would turn our universities into "hobo jungles."[354]

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[350] https://www.thefreedomtrail.org/freedom-trail/benjamin-franklin-statue.shtml
[351] https://www.raceforward.org/research/reports/historical-timeline-public-education-us
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However, as history has shown, the influx of millions of working-class G.I.'s who received a free college education proved to be the primary factor in our economic growth from the 1950's forward:

> As David Kennedy notes in *Freedom from Fear,* the G.I. Bill, "roared on after 1945 as a kind of afterburner to the engines of social change and upward mobility that the war had ignited, propelling an entire generation along an ascending curve of achievement and affluence that their parents could not have dreamed." [355]

1958

"The National Defense Education Act of 1958 became one of the most successful legislative initiatives in higher education. It established the legitimacy of federal funding of higher education and made substantial funds available for low-cost student loans, boosting public and private colleges and universities. Although aimed primarily at education in science, mathematics, and foreign languages, the act also helped expand college libraries and other services for all students. The funding began in 1958 and was increased over the next several years. The results were conspicuous: in 1960 there were 3.6 million students in college, and by 1970 there were 7.5 million. Many of them got their college education only because of the availability of NDEA loans, thanks to Sputnik and to Senator Hill's readiness to seize the moment." [356]

1964

In 1964, Congress passed the Civil Rights Act (1964). This act prohibited discrimination in public places, provided for the integration of schools and other public facilities, and made employment discrimination illegal. This document was the most sweeping civil rights legislation since Reconstruction and represented our national commitment to end discrimination in education.[357] The laws mandated bringing the formerly excluded into the mainstream of American education and were designed to help deliver the promise that everyone has the right to develop their talents to the fullest.[358]

1967

In 1967, Ronald Reagan became governor of California. He set the educational tone for his administration by:

- calling for an end to free tuition for state college and university students.
- annually demanding 20 percent across-the-board cuts in higher education funding.
- repeatedly slashing construction funds for state campuses engineering the firing of Clark Kerr, the highly respected president of the University of California.
- declaring that the state "should not subsidize intellectual curiosity."[359]

The consequent underfunding resulted in overcrowded classrooms, ancient, worn-out textbooks, crumbling buildings, and badly demoralized teachers. Ronald Reagan left California public education worse than he found it. A system that had been the envy of the nation when he was elected was in decline when he left.[360]

1980

Once he became President, Mr. Reagan began defunding higher education, a continuation of the policy he implemented when he was governor of California:

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[355] https://www.neh.gov/humanities/2014/julyaugust/feature/how-the-gi-bill-became-law-in-spite-some-veterans-groups

[356] https://www.cop.senate.gov/artandhistory/history/minute/Sputnik_Spurs_Passage_of_National_Defense_Education_Act.htm

[357] https://www.ourdocuments.gov/doc.php?flash=false&doc=97

[358] https://www2.ed.gov/about/offices/list/ocr/docs/impact.html

[359] https://files.eric.ed.gov/fulltext/EJ684842.pdf

[360] https://files.eric.ed.gov/fulltext/EJ684842.pdf

> "No federal program suffered deeper cuts than student aid. Spending on higher education was slashed by some 25 percent between 1980 and 1985. In raw dollar figures, cuts totaled $594 million in student assistance and $338 million in Pell grants. Students eligible for grant assistance freshmen year had to take out student loans to cover their second year. For middle-class families, eligibility was changed as well. Low-cost, low-interest, subsidized federal loans were limited to families with household incomes of less than $32,000, regardless of family size.
>
> Effectively, these changes shifted the federal government's focus from providing students higher education grants to providing loans. How did college students and their families find themselves in the budgetary crosshairs of the Reagan administration?
>
> Some in the White House and the Office of Management and Budget argued cutting aid would reduce the deficit, while others averred that less money meant less federal intrusion in individuals' lives. Still others insisted government support of students upset the natural order of the nuclear family, supplanting parents and their obligation to provide.
>
> These various perspectives coalesced around a shared view: students were "tax eaters … [and] a drain and drag on the American economy." Student aid "isn't a proper obligation of the taxpayer," Reagan's OMB Director David Stockman told Congress.
>
> Reagan administration Education Secretary Terrel Bell would later write in his memoir that students needing aid were part of the problem, not very different from other "undeserving" Americans, no different than the "welfare queen," the out-of-work father drawing unemployment insurance, the poor families on Medicaid, the elderly in need of Medicare or even farmers relying on subsidies."[361]

President Reagan also advocated amending the Constitution to permit prayer in public schools, demanded a stronger emphasis on values education, and proposed federal tuition tax credits for parents who opted for private schooling.[362] Following the federal governments lead, the states followed suit and massively cut spending for public education.

1980 – present
Religious organizations lobby the federal government to incorporate "abstinence only" education in public schools.[363]

1987
On June 19, 1987, the Supreme Court ruled 7-2 in the case of *Edwards v. Aguillard* that it is unconstitutional to require creationism to be taught in public schools.[364]

2002
In 2002, then congressman Mike Pence (R-IN)), gave a speech on the floor of the House of Representatives attacking the science and theory of evolution while promoting the theory of creationism. He fervently pleaded for intelligent design to be taught alongside evolution in all of America's public schools.[365] [366] [367]

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361 https://www.washingtonpost.com/posteverything/wp/2014/09/02/my-students-pay-too-much-for-college-blame-reagan/?noredirect=on&utm_term=.c387ee6ad0ac
362 https://files.eric.ed.gov/fulltext/EJ684842.pdf
363 http://digitalcommons.law.yale.edu/cgi/viewcontent.cgi?article=1274&context=yjlf
364 http://theconversation.com/30-years-after-edwards-v-aguillard-why-creationism-lingers-in-public-schools-79603
365 https://www.c-span.org/video/?c4631629/mike-pence-us-house-floor
366 https://www.youtube.com/watch?v=SkUgDCk0Xi4
367 https://www.youtube.com/watch?v=pItVGYa863k

2005
On December 20, 2005, in the case *Kitzmiller v. Dover*, Judge John E. Jones issued his historic 139-page findings of fact and decision ruling that intelligent design is not science, and stopped requiring teachers to denigrate or disparage the scientific theory of evolution, and from requiring teachers to refer to a religious, alternative theory known as ID."[9] [368] [369] [370]

2017
Politicians in Texas are considering a bill that would give legal protection to teachers who present Creationism as a scientific theory. It is one of eight states where similar laws have been proposed. The other states are: Alabama, Arkansas, Florida, Indiana, Iowa, Oklahoma and South Dakota.[371]

2018
President Trumps 2019 budget proposal slashes the Department of Education's budget by more than 5%, cutting back the agency's $63.2 billion discretionary funding by $3.6 billion. On the other side of the ledger, President Trump is seeking $1 billion in grants for states for private and public-school choice programs called Opportunity G rants.[372]

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[368] https://en.wikipedia.org/wiki/Kitzmiller_v._Dover_Area_School_District
[369] https://www.youtube.com/watch?v=N0e21oaUDeU&t=966s
[370] https://www.youtube.com/watch?v=2jt29RMcLOg
[371]https://www.independent.co.uk/news/world/americas/us-states-texas-creationism-science-teacher-state-law-evolution-religion-a7632931.html
[372]http://blogs.edweek.org/edweek/campaign-k-12/2018/02/trump_education_budget_2019_5_percent_cut_school_choice_push.html