Brief Recap of 2017

Jan. 20 – President Trump inaugurated
April 6 – The Senate triggered the "nuclear option" and removed the 60 vote requirement for SCOTUS confirmations.
April 7 – Neil Gorsuch confirmed to U.S. Supreme Court
May 4 – American Health Care Act (AHCA) passed the House
July 28 – Senate failed to pass the AHCA
Sept. 8 – Passage of Government funding bill through Dec. 8
Nov. 16 – House passed the Tax Cuts and Jobs Act
Dec. 2 – Senate passed a different version of the Tax Cuts and Jobs Act
Dec. 8 – Enactment of two-week funding measure
Dec. 8 – Federal Debt Ceiling reinstated
Key Dates Remaining in 2017

Dec. 12 – Special Election for Alabama Senate Seat

Dec. 22 – Government funding expires
  ❖ Freedom Caucus - After the Dec. 7 budget vote, Chairman of the Freedom Caucus, Rep. Mark Meadows (R-N.C.), made it clear to House leadership that he dislikes the Dec. 22 deadline and that his caucus is against any type of short-term funding proposal.
  ❖ Deferred Action for Childhood Arrivals (DACA)

Dec. 31 – Foreign Intelligence Surveillance Act (FISA)
  ❖ Authorizes the government to collect intelligence on foreign targets located outside of the United States and is set to expire by the end of the year.
Also of Note...

Children's Health Insurance Program (CHIP)
- If Congress doesn't reauthorize funding for CHIP, ~1.2 million children could lose healthcare coverage.
- A handful of states are expected to run out of CHIP funding by early next year. Medical officials in those states are beginning to send termination notices to families as they prepare for the worst.
- Lack of new funds has required states to rely on leftover funds and emergency government grants to maintain coverage for the millions of people who might otherwise be uninsured.

National Flood Insurance Plan (NFIP)
- Short-term extension passed with Dec. 8 continuing resolution and expires on Dec. 22

Supplemental Nutrition Assistance Program (SNAP)
- Last week, USDA announced that it “intends to offer state agencies greater local control over SNAP.
- "Specifics on such flexibilities will be communicated to state agencies in the coming weeks."
Federal Outlook

➢ Tax Reform

“It will not come up next week, but if it could, I would bring it up as soon as we come out of conference, because I do believe the American people are waiting for a Tax Cuts and Jobs Act.”

- House Majority Leader Kevin McCarthy, December 7

“I have talked with the president three times on this issue. I have no reason to believe that commitment will not be kept. Who wants to see health insurance premiums become more unaffordable than they are?”

-Senator Susan Collins, December 10

➢ PAYGO

➢ A budget rule requiring that new legislation affecting revenues and spending on entitlement programs, taken as a whole, does not increase projected budget deficits. The tax reform bill will trigger PAYGO unless Congress acts.

➢ Debt Ceiling/Debt
Federal Debt and Deficit

"It's the type of thing that should keep people awake at night."
- Federal Reserve Chair Janet Yellen, November 29

Federal Debt
- $20.6 trillion and rising.
- $14.9 trillion of the debt is owed by the public.

Deficit - The difference between what the U.S. Government takes in from taxes and other revenues and the amount of money it spends.

Debt - Total debt is the accumulated deficits plus accumulated off-budget surpluses.
FY 2016: To Whom Does the U.S. Government Owe Money?

Estimated $19,573.4 Billion as of 30 September 2016

Presented Clockwise from Top:
- U.S. Individuals and Institutions
- U.S. Social Security Trust Fund
- U.S. Federal Reserve
- U.S. Civil Service Retirement Fund
- U.S. Military Retirement Fund
- All Other Foreign Nations
- Japan
- China (and Hong Kong)
- Brazil
- Belgium & Ireland
- United Kingdom

Sources: U.S. Treasury Department, U.S. Federal Reserve

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FY 2016: Who Owns the Public Portion of the U.S. National Debt?

$14,173.4 Billion as of 30 September 2016

- U.S. Individuals and Institutions: 55.9%
- China and Hong Kong: 8.0%
- Japan: 26.6%
- All Other Foreign Nations: 9.5%

U.S. Individuals and Institutions Own 55.9% of the Publicly-Held Portion of the U.S. Government's Debt. The U.S. Federal Reserve alone owns 17.5%.

The U.S. government owes foreign entities 44.1% of the Debt Held by the Public, with China and Japan holding 18.0% of that portion of the national debt.

Combined, foreign entities hold 31.9% of the U.S. Government's Total Public Debt Outstanding, which includes the "Intragovernmental" portion of the nation's debt, such as Social Security and government employee pension funds.

Sources: U.S. Treasury Department, U.S. Federal Reserve
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FY 2016: Who Owns the Intragovernmental Portion of the U.S. National Debt?

- Social Security Trust Fund: 16.1%
- Civil Service Retirement Fund: 4.7%
- Military Retirement Fund: 10.9%
- Medicare Trust Fund: 16.4%
- Other Federal Government Trust Funds: 51.8%

$5,400.0 Billion as of 30 September 2016


27.3% of the Intragovernmental Portion of the U.S. National Debt is owed to the U.S. Treasury-managed Pension and Disability trust funds for the U.S. government's military and civilian employees.

Medicare's trust funds only hold 4.7% of the intragovernmental portion of the U.S. Total Public Debt Outstanding.

Sources: U.S. Treasury Department

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Share of $4T of Spending in 2017 (pie) and Total Nominal Spending Growth by 2027 (box)

- **Interest, 7%**: +40%
- **Defense Discretionary, 15%**: +26%
- **All Other Non-Defense Discretionary, 14%**: +21%
- **Major Health Care, 26%**: +84%
- **Social Security, 24%**: +79%
- **Other Mandatory, 13%**: +23%
- **Foreign Aid, 0.9%**: +20%
- **EPA, 0.2%**: +18%
- **PBS, NPR, NEA, NEH, 0.02%**

Spending on Interest will grow 185% by 2027

Source: CRFB calculations based on CBO Baseline January 2017
NEA and NEH stand for the National Endowments for the Arts and Humanities respectively.
Health Care

Cost Sharing Reduction (CSR) Payments

- Sens. Alexander/Murray deal doesn’t work for President Trump, who recently said he can’t support bailing out insurance companies.
- Sen. Alexander explained last week that “Trump completely engineered the plan that we announced.”
- Over a dozen Republicans, joined an equal number of Democrats, in co-sponsoring the bipartisan health care deal, despite opposition from Trump and Speaker Ryan.

Entitlement Reform

Medicare * Medicaid * Social Security

"We're going to have to get back next year at entitlement reform, which is how you tackle the debt and the deficit. . . Frankly, it's the health care entitlements that are the big drivers of our debt, so we spend more time on the health care entitlements - because that's really where the problem lies, fiscally speaking."

Speaker Paul Ryan (R-Wis.), Dec. 6
The White House has recently developed a new plan for infrastructure: Reward states and localities willing to raise taxes or other revenue to pay for new projects.

Federal government would cover only $200 billion of the $1 trillion cost of the legislation being developed.

“We will be agnostic as to the type of revenue, as long as it is new and dedicated to infrastructure.” - White House official

North Korea

Mueller Investigation

FY 2018 Funding
Capitol to Capitol is a weekly newsletter from the Washington D.C. office of NCSL.

Distributed each Monday, Capitol to Capitol provides up-to-the-minute information on activity at the federal level and highlights legislation that will affect states.
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