

# The Washington ImPACt

Zurich's Government & Regulatory Relations team is proud to present you with The Washington ImPACt to keep you up-to-date on what's happening in Congress.

## The 101 on the 202

### Debt ceiling negotiations in Congress are split along party lines

- House Republicans passed the GOP-proposed Limit, Save, Grow Act that would raise the debt ceiling by \$1.5 trillion while implementing spending cuts in non-defense programs
- Senate Majority Leader Chuck Schumer (D-NY) started an expedited process for the Senate to consider a two-year suspension of the debt ceiling
- House Democrats outlined a plan to use a discharge petition to force consideration of debt ceiling legislation to the House floor

### First Republic Bank was seized by US banking regulators and sold to JPMorgan Chase

- US banking regulators took control of First Republic Bank on May 1 and sold the bank to JPMorgan Chase; the bank's seizure and subsequent sale followed their collapse and marked the largest bank failure since Washington Mutual in 2008
- The failure follows the March collapses of Silicon Valley Bank and Signature Bank
- JPMorgan Chase now owns both First Republic Bank and Washington Mutual, the two largest banks to collapse in US history

## Trivia



How many times has Congress modified the debt limit since 1960?

**A** 34

**B** 78

**C** 102

Answer on next page

## Major actions since the last debt crisis: 118<sup>th</sup> Congress



### May 2, 2023

- House Minority Leader Hakeem Jeffries (D-NY-8) sent a letter to House lawmakers outlining a plan by Democratic leadership to utilize a discharge petition to force consideration of debt ceiling legislation to the House floor



### May 1, 2023

- Shortening an estimate originally made in January, Treasury Secretary Janet Yellen sent a letter to Congress detailing that the agency may be unable to meet its debt obligations as early as June 1 if no raise is put in place



### Apr. 19-26, 2023

- Speaker McCarthy proposed the Limit, Save, Grow Act that would raise the debt ceiling by \$1.5 trillion while implementing spending cuts in non-defense programs
- The bill passed the House by a two-vote margin but is expected to stall in the Senate



### Jan. 19, 2023

- Treasury Department announced that the US has hit the debt ceiling and will start to take extraordinary measures to avoid a default



### Jan. 7, 2023

- McCarthy became Speaker of the House, promising to accompany any proposal to raise the debt ceiling with commensurate spending cuts – possibly complicating efforts to avoid a government default in 2023

# The Look Ahead



## Key policy issues

With the debt ceiling deadline looming and Title 42 expiring, policymakers will set their sights on two key issues this month.

### Debt ceiling negotiations

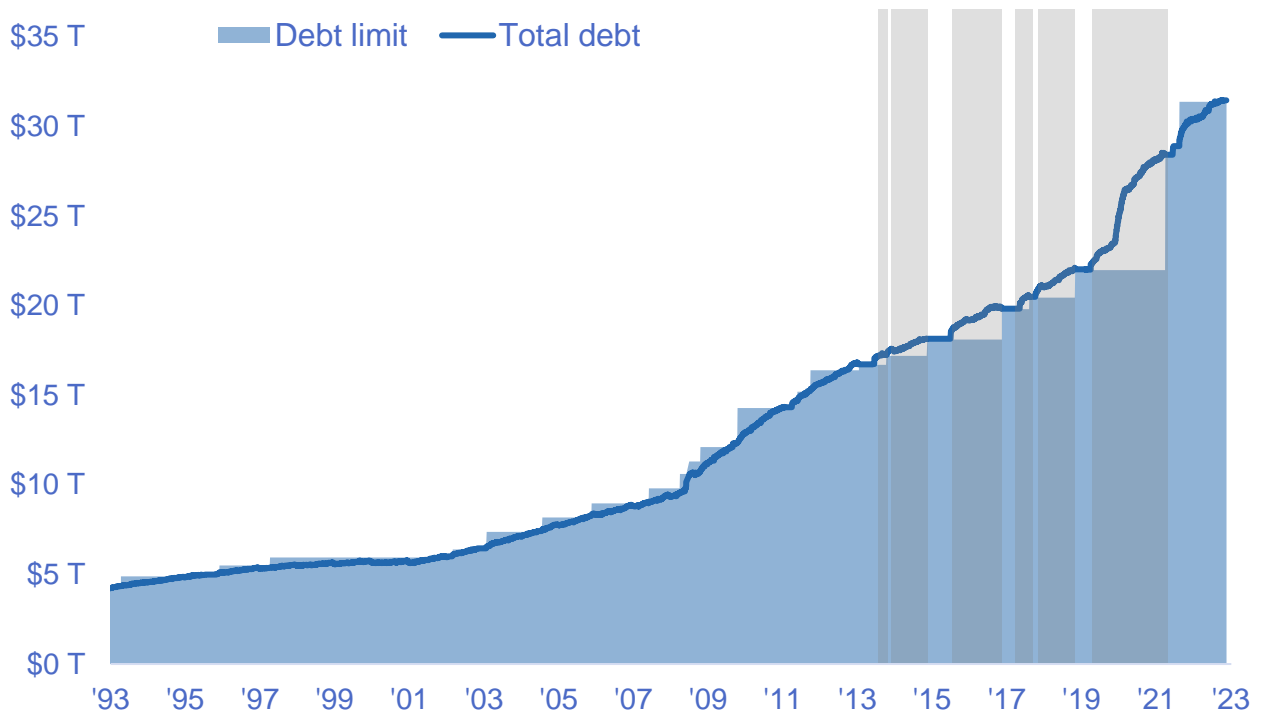
- As default looms as early as June 1, the White House and Congressional leaders are working to find a solution to the debt ceiling crisis
- President Biden and Democratic congressional leaders hope to pass a “clean” bill raising the debt limit without conditions; Republicans are pushing for significant spending cuts paired with a debt ceiling increase
- President Biden is meeting with all four congressional leaders, including House Speaker Kevin McCarthy (R-CA-20) on May 9 to discuss the debt ceiling

### Title 42 expiration

- Title 42 is a pandemic-era border policy used during the Trump and Biden administrations that allowed the government to remove migrants entering the country illegally through an expedited process that superseded asylum rights
- The use of Title 42 is expected to end on May 11 when the COVID-19 public health emergency expires; in its place, the Biden administration plans to enact new border policies that would essentially mimic Title 42
- In preparation for an expected surge in migration levels, the Biden administration plans to send 1,500 troops to the southern border to help with Border Patrol processing
- Texas Governor Greg Abbot (R) is deploying a “tactical border force” to repel migrants

## Total public debt outstanding compared to the statutory debt limit\*

FRED; OMB; MAY 1993 – MAY 2023



\*Grey bars indicate temporary debt limit suspensions