

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: 118th 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- Shortening an estimate originally made in January, Treasury Secretary Janet Yellen sent a letter to Congress detailing that the agency may be unable to meet its debt obligations as early as June 1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

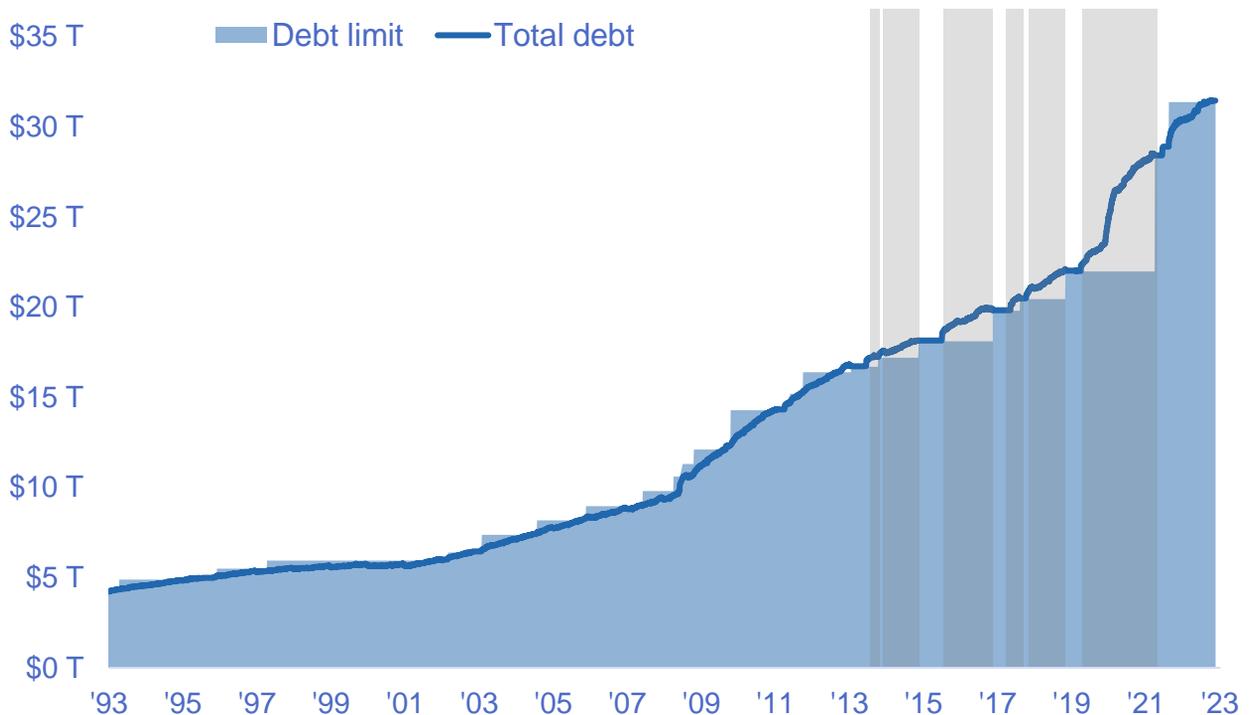
- As default looms as early as June 1, the White House and Congressional leaders are working to find a solution to the debt ceiling crisis
- President Biden and Democratic congressional leaders hope to pass a “clean” bill raising the debt limit without conditions; Republicans are pushing for significant 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