2019 Congressional Calendar

FiscalNote | CQ Roll Call

- Both chambers in session
- Senate only in session
- House only in session

January

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
		1 New Year's Day	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21 MLK Day	22	23	24	25	26
27	28	29	30	31		

February

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18 Presidents Day	19	20	21	22	23
24	25	26	27	28		

March

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24 / 31	25	26	27	28	29	30

April

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15 Budget resolution deadline	16	17	18	19 Good Fri. Passover (begins)	20
21 Easter Sunday	22	23	24	25	26	27
28 Orthodox Easter	29	30				

May

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
			1	2	3	4
5	6 Ramadan (begins)	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27 Memorial Day	28	29	30	31	

June

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
						1
2	3	4 Eid al-Fitr	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23 / 30	24	25	26	27	28	29

July

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
	1	2	3	4 Independence Day	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
				1	2	3
4	5	6	7	8	9	10
11 Eid al-Adha	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

September

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
1	2 Labor Day	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29 Rosh Hashana (begins)	30					

October

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
		1 FY'20 (begins)	2	3	4	5
6	7	8 Yom Kippur (begins)	9	10	11	12
13	14 Columbus Day	15	16	17	18	19
20	21	22	23	24	25	26
27 Diwali	28	29	30	31		

November

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
					1	2
3	4	5	6	7	8	9
10	11 Veterans Day	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28 Thanksgiving Day	29	30

December

Sun.	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22 Hanukkah (begins)	23	24	25 Christmas Day	26 Kwanzaa (begins)	27	28
29	30	31				

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While the new Congress will begin work on the FY 20 budget and appropriations process after the start of the new year, it is uncertain as to how the process will play out with two party control. Sequestration – automatic spending cuts – will be required to take effect in FY 20 because current spending is above the caps agreed upon in the Budget Control Act of 2013. However, House Democrats are unlikely to pass appropriations bills with the cuts to domestic spending required under sequestration, so a "budget deal" may be somewhere in the future.

With the Democrats in charge of the House, we can also expect that there will be more oversight of Federal agencies – including the U.S. Department of Education – by that chamber.

With the Republicans adding to their majority in the Senate, the committee ratio of Republicans to Democrats will increase. It is likely that Senators Lamar Alexander (R-TN) and Patty Murray (D-WA) will remain the Chair and Ranking Member on the Senate education committee. It is also likely that Senators Roy Blunt (R-MO) and Patty Murray (D-WA) will remain Chair and Ranking Member on the Senate subcommittee that oversees education spending.

There will be more change in the House of Representatives, where Democrats will now hold the gavel for all House committees. On some committees, the current Chair and Ranking Member will switch roles. That is likely the case for the House Committee on Education and the Workforce (which is expected to be renamed the House Committee on Education and Labor), where it is anticipated that Scott moves from Ranking Member to Chair and current Chair Congresswoman Virginia Foxx (R-NC) becomes Ranking Member. It is also the case for the House subcommittee with jurisdiction over education funding, which will likely see Congresswoman Rosa DeLauro (D-CT) move from Ranking Member to Chair and Congressman Tom Cole (R-OK) move from Chair to Ranking Member.

The membership of the House and Senate Impact Aid Coalitions will also change as a result of the election:

House Impact Aid Coalition – all members up for re-election

- 76 Re-elected
  - Most incumbents kept their seat
- 11 Retirements/did not run
  - Kyrsten Sinema (AZ-9), Ed Royce (CA-39), Darrell Issa (CA-49), Jared Polis (CO-2), Luis Gutierrez (IL-4), Lynn Jenkins (KS-2), Kevin Kramer (ND-AL), Frank LoBiondo (NJ-2), Kristi Noem (SD-AL), Lamar Smith (TX-21), Dave Reichert (WA-8)
- 2 Defeats
  - Dana Rohrabacher (CA-38), Joseph Crowley (NY-14)

Senate Impact Aid Coalition – 13 members up for re-election

- 12 Re-elected
  - Diane Feinstein (CA), Mazi Hirono (HI), Amy Klobuchar (MN), Jon Tester (MT), Deb Fischer (NE), Robert Menendez (NJ), Kristin Gillibrand (NY), Sherrod Brown (OH), Sheldon Whitehouse (RI), Maria Cantwell (WA), John Barrasso (WY)
- 1 Defeat
  - Heidi Heitkamp (ND)

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Congressional Leadership Update

On November 14, both parties in the Senate and Republicans in the House chose their leaders for the 116th Congress. On November 28, House Democrats held their leadership elections. We are fortunate that many key advocates of Impact Aid continue in or have been elevated to leadership positions.

Results are:

Senate Republican leadership:

- Majority Leader Mitch McConnell (R-KY);
- Senate President Pro Tempore Chuck Grassley (R-Iowa);
- Republican Whip John Thune (R-SD);
- Republican Conference Chair John Barrasso (R-WY);
- Republican Policy Committee Chair Roy Blunt (R-MO); and
- Republican Conference Vice Chair Joni Ernst (R-Iowa).

Senate Democratic leadership:

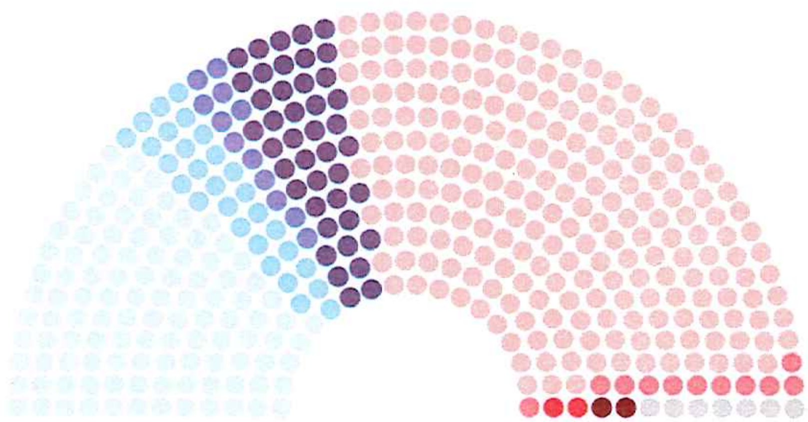
- Democratic Leader and Conference Chair Charles Schumer (D-NY):
- Democratic Whip Dick Durbin (D-IL);
- Assistant Democratic Leader Patty Murray (D-WA);
- Democratic Policy and Communications Committee Chair Debbie Stabenow (D-MI);
- Democratic Conference Vice Chairs Elizabeth Warren (D-MA) and Mark Warner (D-VA); and
- Democratic Conference Secretary Tammy Baldwin (D-WI).

House Republican leadership:

- Minority Leader Kevin McCarthy (R-CA);
- Minority Whip Steve Scalise (R-LA);
- Conference Chair Liz Cheney (R-WY);
- Conference Vice Chair Mark Walker (R-NC); Conference Secretary Jason Smith (R-MO); and
- Republican Policy Committee Chair Gary Palmer (R-AL).

House Democratic leadership:

- Speaker of the House Nancy Pelosi (D-CA, nominated - will be voted on by the full House in January)
- Majority Leader Steny Hoyer (D-CA);
- Majority Whip James Clyburn (D-LA);
- Assistant Leader Ben Ray Luján (D-NM);
- Caucus Chair Hakeem Jeffries (D-NY);
- Caucus Vice Chair Katherine Clark (D-MA);
- Democratic Congressional Campaign Committee Chair Cheri Bustos (D-IL); and
- Chair of the Democratic Policy and Communications Committee David Cicilline (D-RI).



Gender	115 Congress	116th Congress	Seat change
White Democrats	109	131	↑ 22
Hispanic Democrats	29	33	↑ 4
Native American Democrats	0	2	↑ 2
Asian / Other Democrats	12	14	↑ 2
Black Democrats	42	48	↑ 6
White Republicans	221	191	↓ 30
Hispanic Republicans	11	5	↓ 6
Native American Republicans	2	2	0
Asian / Other Republicans	0	1	↑ 1
Black Republicans	2	1	↓ 1

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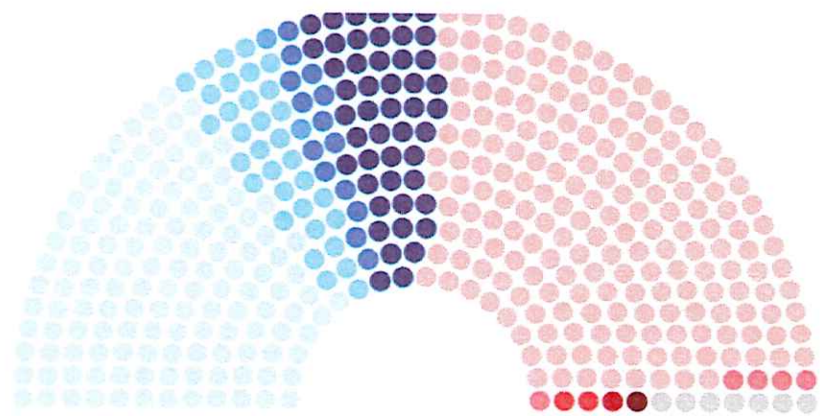

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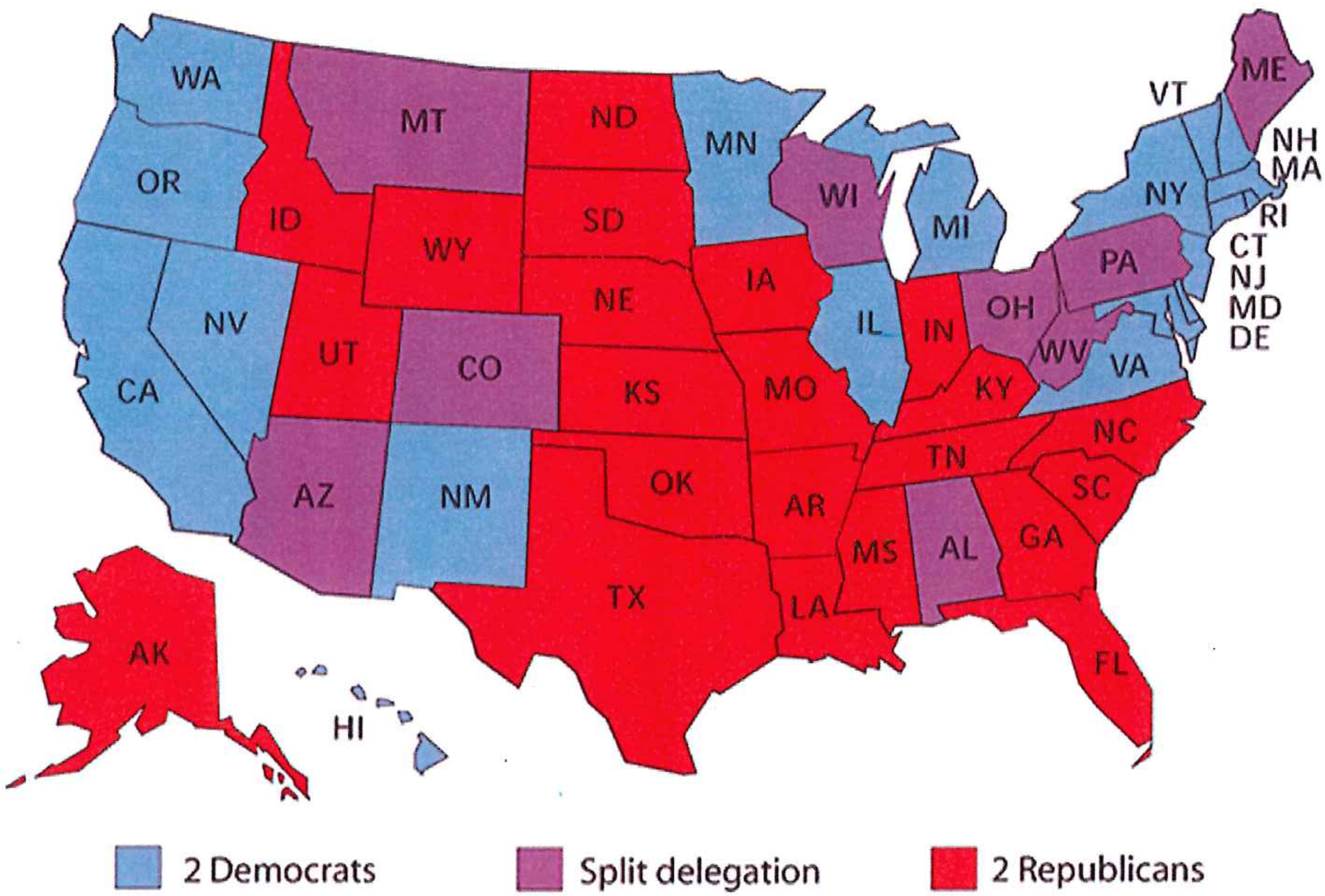
Native American Republicans	2	2	0
Asian / Other Republicans	0	1	↑ 1
Black Republicans	2	1	↓ 1

Map 1: State-by-state Senate control starting in 2019



Map 1 demonstrates political patterns that largely reinforce other federal voting trends. The West Coast and New England have almost entirely Democratic Senate delegations, the South and Great Plains are almost uniformly Republican, and the Midwest is mixed, reflecting the region's long-held battleground status.

Map 2 isolates the 34 Senate seats that are being contested in 2020. There are 33 regularly-scheduled elections, along with a special election in Arizona for the remaining two years of the term that the late Sen. John McCain (R-AZ) won in 2016. Three of these seats — Alabama, Minnesota, and Mississippi — were on the ballot as special elections during the 2018 cycle. So if Sens. Doug Jones (D-AL), Tina Smith (D-MN), and Cindy Hyde-Smith (R-MS) want full, six-year terms, and it appears that they all do, they will have to run again this cycle.

All told, Republicans are defending almost double the number of Senate seats in 2020 (22) as Democrats are defending (12).

With the Republican-backed tax cut, "we're seeing the result, and to date, federal tax revenues have gone up."

— Ted Cruz on Tuesday, October 16th, 2018 in a Senate debate

Ted Cruz said GOP tax cut led to higher revenues. Did it?

By Louis Jacobson on Friday, October 19th, 2018 at 11:28 a.m.

About this statement:

Published: Friday, October 19th, 2018 at 11:28 a.m.

Researched by: Louis Jacobson

Edited by: Angie Drobnic Holan, Katie Sanders

Subjects: Federal Budget, Taxes

Sources:

Ted Cruz, remarks in a Senate debate, Oct. 16, 2018

Committee for a Responsible Federal Budget, "No, Really, Tax Revenue Has Not Risen," Sept. 21, 2018

Committee for a Responsible Federal Budget, "Treasury: 2018 Deficit was $779 Billion," Oct. 15, 2018

U.S. Treasury Department,

Sen. Ted Cruz, R-Texas, takes part in a debate against Democrat Beto O'Rourke on Oct. 16, 2018.

Texas Sen. Ted Cruz touted his support for the Republican-backed tax bill in his second debate against Democratic U.S. Rep. Beto O'Rourke.

After saying that previous tax cuts have led to increases in revenue, such as those under Presidents John F. Kennedy and Ronald Reagan, Cruz said, "This time with that tax cut we're seeing the result, and to date, federal tax revenues have gone up. Federal tax revenues are higher this year than they are last year without the tax cut." (It can be seen here around the 51:00 mark.)

Is that correct?

Tax collection data

If you look at the sheer number of dollars collected, irrespective of inflation and without regard to the size of the overall economy or other factors, taxes went up very slightly.

"Monthly Treasury Statement of Receipts and Outlays of the United States Government For Fiscal Year 2018 Through August 31, 2018," accessed Oct. 17, 2018

Office of Management and Budget, "Table 1.1—Summary of Receipts, Outlays, and Surpluses or Deficits (-): 1789–2023," accessed Oct. 18, 2018

Email interview with Steve Ellis, vice president of Taxpayers for Common Sense, Oct. 17, 2017

Email interview with Patrick Newton, spokesman for the Committee for a Responsible Federal Budget, Oct. 17, 2018

Email interview with John Buhl, spokesman for the Tax Foundation, Oct. 17, 2018

Email interview with Donald Marron, fellow at the Urban Institute-Brookings Institution Tax Policy Center, Oct. 17, 2018

Email interview with Catherine Frazier, spokesman for Ted Cruz, Oct. 17, 2018

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Specifically, new federal data show that tax revenues rose between fiscal year 2017 and fiscal year 2018 by 0.4 percent. (Federal fiscal years run from Oct. 1 to Sept. 30.) The rise is smaller than almost every previous year since World War II, except for a handful of years in which tax revenues declined, largely due to recessions.

And the Committee for a Responsible Federal Budget, a group that favors shrinking the federal deficit, found that the small increase in nominal dollars collected disappears once you add in other factors.

If you adjust for inflation, the group found, tax revenues actually fell by 1.6 percent. (This calculation is for the first 11 months of fiscal 2018, compared to the first 11 months of 2017. The group had not calculated the data for the full year by our publication time, but the differences from adding the 12th month should be minor.)

You can also look at tax revenues as a percentage of gross domestic product — essentially, factoring in economic growth which should, in turn, generate tax revenues. In this case, GDP growth didn't boost tax revenues proportionately — this measure fell by 4.1 percent over the first 11 months of the fiscal year.

Finally, we can look at actual tax collections relative to the expectations of the nonpartisan Congressional Budget Office in June 2017, which

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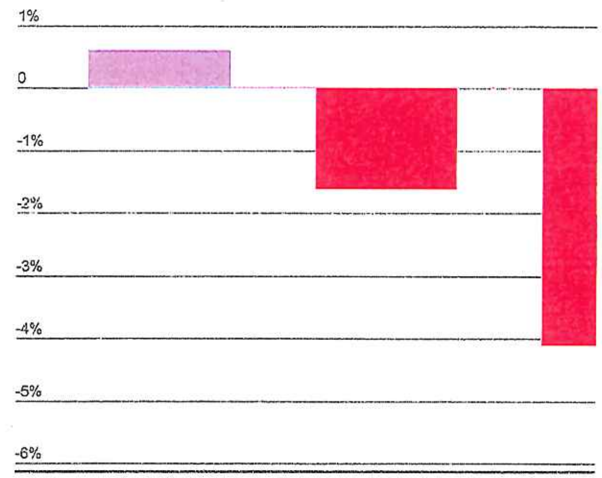
was several months before the law passed. CBO's projection of $3.531 trillion in tax collections was based on population growth, inflation, wage growth, and other factors. By this standard, tax revenue fell short of the projection by 5.7 percent.

Change in tax revenue using various measurements, first 11 months of fiscal 2017 and 2018



Source: Congressional Budget Office via Committee for a Responsible Federal Budget

POLITIFACT

Spread the truth

Each of these measurements undercut Cruz's argument that tax revenues increased.

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In the Austin American-Statesman

"Tax revenues naturally grow with a growing economy," said Donald Marron, a fellow at the Urban Institute-Brookings Institution Tax Policy Center. "The economy has been doing well. Revenues, however, haven't grown as much. So the tax cuts reduced revenues relative to what they would have been, just as every serious analyst predicted."

Is the new tax law the reason for higher nominal revenue?

In addition, Cruz portrayed a direct relationship: The tax law was passed, and revenue went up. But that's questionable.

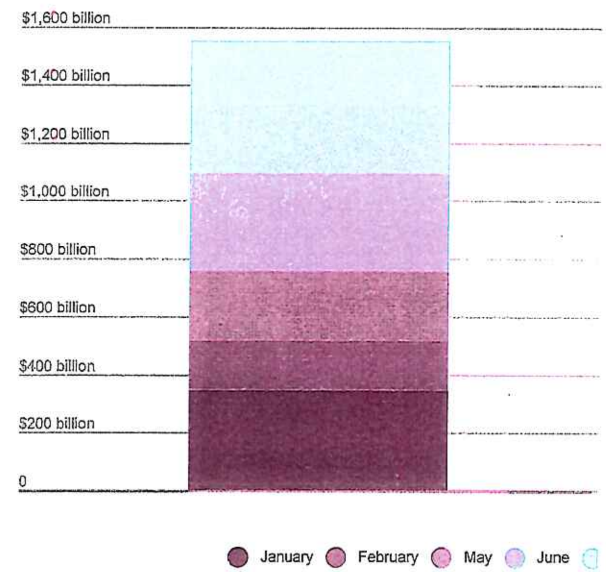
We can probe this question by separating out the months in which the old tax law prevailed and looking only at the months in which the new tax law was the primary factor shaping tax payments. Three months in fiscal 2018 were governed by the old law — October, November and December. Another two months — March and April — were governed by the new law, but were dominated by tax payments for income generated in 2017, and thus was predominantly shaped by the old law. A final month, September, had not produced final data by the time of our article.

That leaves six months in which it was the new law that shaped tax payments to the government — January, February, May, June, July and August.

And if you compare the cumulative collections for those six months in 2017 and 2018, tax collections actually declined by 3.8 percent between 2017 (when the old law was in force) and 2018 (when the new law was in force).

In this chart, the drop from 2017 to 2018 is clearly visible.

Tax collections by month, 2017 and 2018



Note: Chart only includes months primarily affected by the tax law passed in Dec. 2017 (January, February, May, June, July, August)
Source: Monthly Treasury Statement, through Aug. 31, 2018

POLITIFACT

Catherine Frazier, a spokesman for Cruz, emphasized that Cruz was correct about the calculation using nominal dollars, "In fact, individual tax revenues this year are $96 billion higher than last year, even after cutting individual taxes," she said.

Our ruling

Cruz said that with the Republican-backed tax cut, "we're seeing the result, and to date, federal tax revenues have gone up."

They have gone up by less than half of 1 percent in nominal dollars, one of the weakest increases since the end of World War II. They have actually fallen if you factor in inflation, growth in the economy, or prior projections for tax collections.

Cruz's suggestion that the new tax law caused the nominal increase is dubious, since in the months when that new law was the primary mover of tax payments, collections actually fell by 3.8 percent.

We rate his statement Half True.

THE NEW YORKER

"I WAS NEVER THIS BLATANT," SAYS BENEDICT ARNOLD IN HELL

By Andy Borowitz July 19, 2018

HELL (The Borowitz Report)—Saying that he was "flabbergasted" by the events of this week, the Revolutionary War-era traitor Benedict Arnold offered a ringing defense of his own career in treason, asserting, "I was never this blatant."

"I was brought up to believe that betraying your country was something you'd do very secretively," Arnold, who now resides in Hell, said. "If you were going over to the enemy side, you'd do everything you could not to be detected. You wouldn't go around announcing it to the world like a jackass."

Although Arnold understands why commentators have been using the word "treason" to describe the alarming spectacle they have witnessed this week, he said, "Throwing the word 'treason' around like that is very unfair to traitors, and I would even say hurtful."

"Traitors put a lot of thought, planning, and subtletly into every one of their actions and utterances," he said. "When I look at these so-called acts of treason, I have to ask, Where's the professionalism? Where's the work ethic? The sloppiness and sheer idiocy of it all is jaw-dropping."

Speaking of his treasonous colleagues in Hell, including Judas Iscariot, Vidkun Quisling, and the entire Vichy government, Arnold said, "Every traitor down here is shaking his head."

Andy Borowitz is the New York Times best-selling author of "The 50 Funniest American Writers," and a comedian who has written for The New Yorker since 1998. He writes the Borowitz Report, a satirical column on the news, for newyorker.com. Read more »

The Trump Tax Cut: Even Worse Than You've Heard

Skeptical reporting has still been too favorable.

By Paul Krugman
Opinion Columnist

Jan. 1, 2019

President Trump in a meeting with governors and members of Congress about tax cuts in April 2018.
Doug Mills/The New York Times

The 2017 tax cut has received pretty bad press, and rightly so. Its proponents made big promises about soaring investment and wages, and also assured everyone that it would pay for itself; none of that has happened.

Yet coverage actually hasn't been negative enough. The story you mostly read runs something like this: The tax cut has caused corporations to bring some money home, but they've used it for stock buybacks rather than to raise wages, and the boost to growth has been modest. That doesn't sound great, but it's still better than the reality: No money has, in fact, been brought home, and the tax cut has probably reduced national income. Indeed, at least 90 percent of Americans will end up poorer thanks to that cut.

Let me explain each point in turn.

First, when people say that U.S. corporations have "brought money home" they're referring to dividends overseas subsidiaries have paid to their parent corporations. These did indeed surge briefly in 2018, as the tax law made it advantageous to transfer some assets from the books of those subsidiaries to the home companies; these transactions also showed up as a reduction in the measured stake of the parents in the subsidiaries, i.e., as negative direct investment (Figure 1).

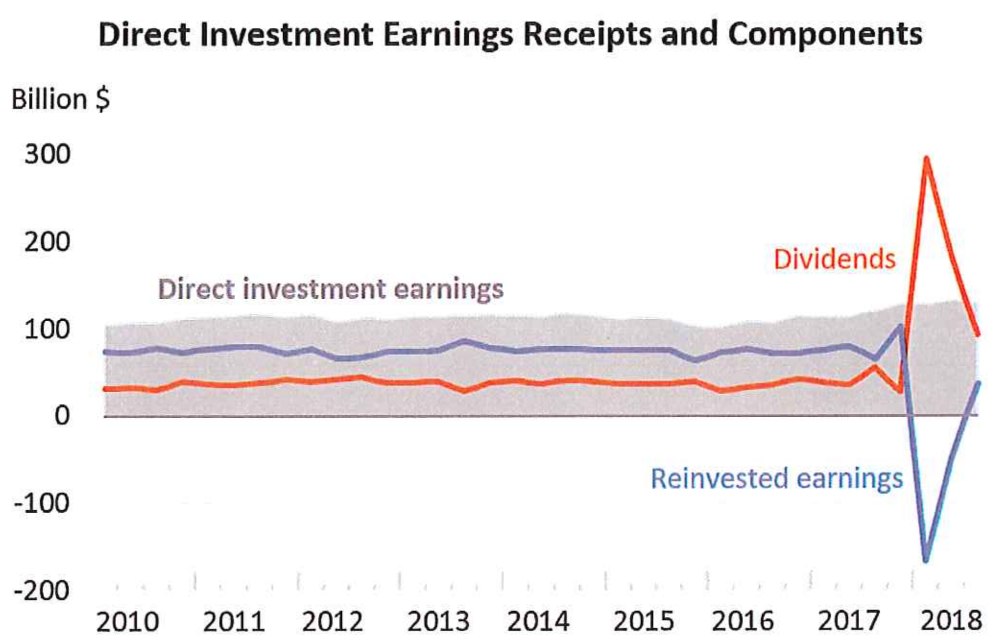


Figure 1 Bureau of Economic Analysis

But these transactions are simply rearrangements of companies' books for tax purposes; they don't necessarily correspond to anything real. Suppose that Multinational Megacorp USA decides to have its subsidiary, Multinational Mega Ireland, transfer some assets to the home company. This will produce the kind of simultaneous and opposite movement in dividends and direct investment you see in Figure 1. But the company's overall balance sheet – which always included the assets of MM Ireland – hasn't changed at all. No real resources have been transferred; MM USA has neither gained nor lost the ability to invest here.

If you want to know whether investable funds are really being transferred to the U.S., you need to look at the overall balance on financial account – or, what should be the same (and is more accurately measured), the inverse of the balance on current account. Figure 2 shows that balance as a share of GDP – and as you can see, basically nothing has happened.

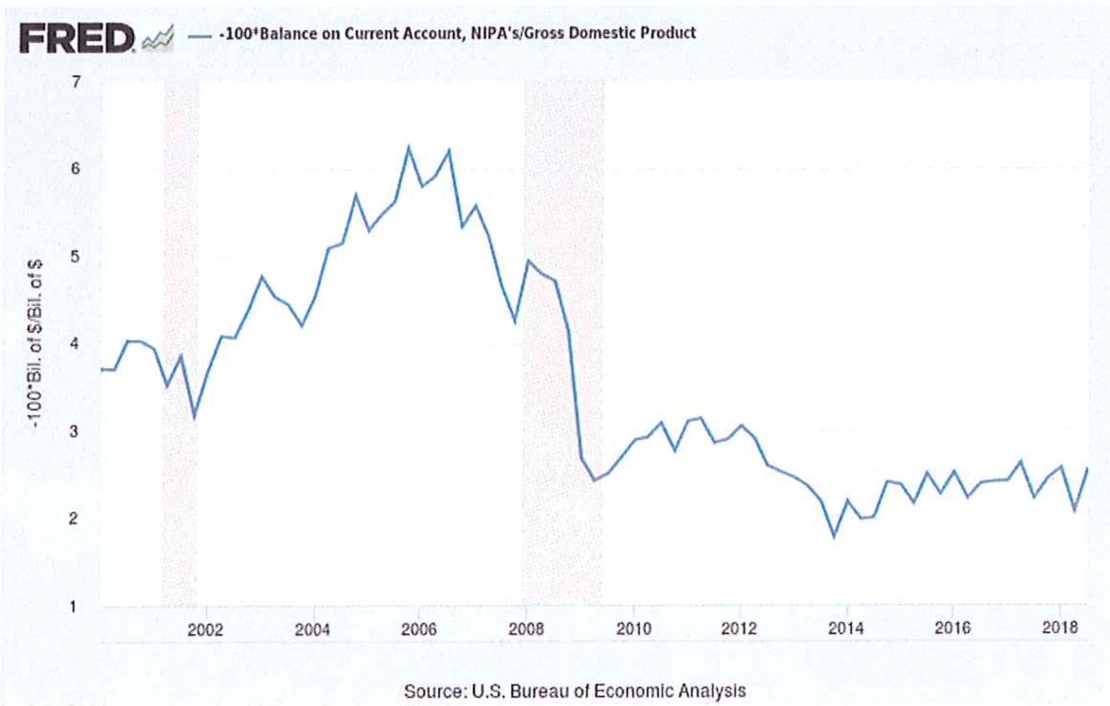
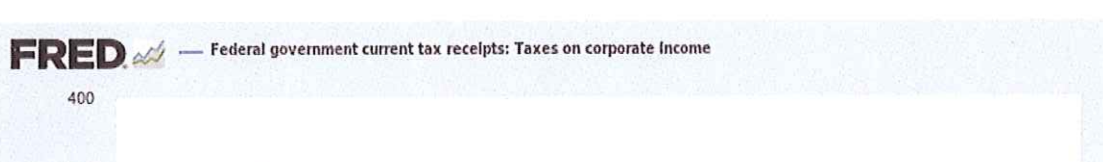


Figure 2 Bureau of Economic Analysis

So the tax cut induced some accounting maneuvers, but did nothing to promote capital flows to America.

The tax cut did, however, have one important international effect: We're now paying more money to foreigners.

Bear in mind that the one clear, overwhelming result of the tax cut is a big break for corporations: Federal tax receipts on corporate income have plunged (Figure 3).



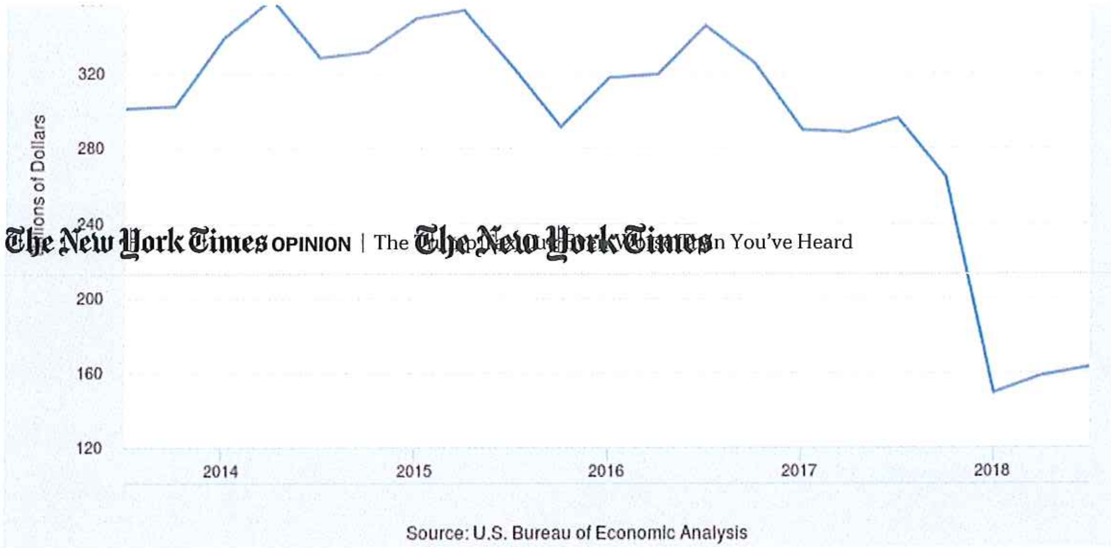


Figure 3 Bureau of Economic Analysis

The key point to realize is that in today's globalized corporate system, a lot of any country's corporate sector, our own very much included, is actually owned by foreigners, either directly because corporations here are foreign subsidiaries, or indirectly because foreigners own American stocks. Indeed, roughly a third of U.S. corporate profits basically flow to foreign nationals – which means that a third of the tax cut flowed abroad, rather than staying at home. This probably outweighs any positive effect on GDP growth. So the tax cut probably made America poorer, not richer.

And it certainly made most Americans poorer. While 2/3 of the corporate tax cut may have gone to U.S. residents, 84 percent of stocks are held by the wealthiest 10 percent of the population. Everyone else will see hardly any benefit.

Meanwhile, since the tax cut isn't paying for itself, it will eventually have to be paid for some other way – either by raising other taxes, or by cutting spending on programs people value. The cost of these hikes or cuts will be much less concentrated on the top 10 percent than the benefit of the original tax cut. So it's a near-certainty that the vast majority of Americans will be worse off thanks to Trump's only major legislative success.

As I said, even the mainly negative reporting doesn't convey how bad a deal this whole thing is turning out to be.

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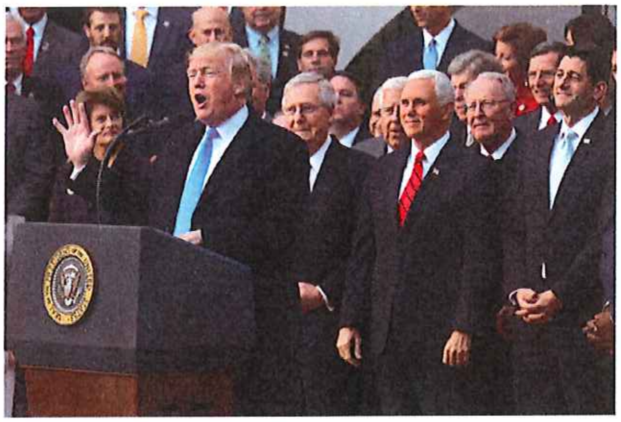
Paul Krugman has been an Opinion columnist since 2000 and is also a Distinguished Professor at the City University of New York Graduate Center. He won the 2008 Nobel Memorial Prize in Economic Sciences for his work on international trade and economic geography. @PaulKrugman

The tax windfall that wasn't: A troubling new IRS report suggests many Americans may be giving money right back to the government

By ALEX RASKOLNIKOV   NOV 01, 2018 | 1:25 PM



President Donald Trump hosts an event to celebrate Congress passing the Tax Cuts and Jobs Act with Republican members of the House and Senate on the South Lawn of the White House December 20, 2017 in Washington, DC. (Chip Somodevilla / Getty Images)

Americans like their tax refunds. Refunds are good for tax administration, too. Plenty of evidence shows that tax compliance is higher when taxpayers see refunds on their tax returns.

But millions of Americans looking forward to their tax refunds are about to be disappointed, even upset. They will not see their expected refunds when they file their returns in 2019. Even worse, many will be required to pay extra taxes. Why the change? The Republicans' push to sell their tax law to the American public is the culprit.

The tax law signed by President Trump in December of 2017 made many changes to the tax code. The standard deduction increased, but the personal exemptions disappeared. Business owners got a rate cut but the deduction for state and local taxes shrunk. Mortgage interest deduction became less generous, but child credit expanded. Because of all these changes and many others, the withholding form that every American employee filed with his or her employer became outdated when 2018 arrived.

Employers needed new information from employees to keep the refunds roughly the same. But getting this information would take time. And Republicans wanted American workers to see tax savings from the 2017 tax law in their paychecks right away, before the 2018 midterm elections — whether these savings were real or not.

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5h


So the IRS took a leap of faith, came up with an updated withholding schedule as best it could, and told employers to follow it going forward. The IRS then tried to convince Americans to do a "paycheck checkup" using its new "withholding calculator" to make sure that the employers' withholding is not grossly off the mark.

Well-intentioned, but how realistic?

Democrats had doubts about the Republican tax strategy all along. Ron Wyden, D-Ore., the highest ranking Democrat on the Senate tax-writing committee, warned all the way back in January that "the Trump administration is tampering with Americans' paychecks, resulting in a whopping tax bill next year." The Trump administration dismissed these concerns as "ridiculous."

At first, it seemed that the rushed implementation of the new tax law was not going to create a big problem. At Democrats' request, the Government Accountability Office evaluated the new withholding regime and issued a report in July. The report concluded that the number of taxpayers who will have to pay extra tax rather than get a refund may increase by 3 million in 2018. Not chump change, but nothing earth-shattering either given the total of 150 million returns filed.

But last month a new report became public. This one came from the IRS Information Reporting Advisory Committee. And this new report drops a few troubling hints.

The IRS decision not to wait until employers obtain the necessary information from the employees, the report explains, "may cause a significant number of taxpayers to be under-withheld when they file their 2018 personal income tax returns." The IRS calculator, it turns out, did not exactly catch fire. "Despite the IRS's efforts to inform taxpayers to check their withholding and encourage the use of the 'calculator' on the IRS website, usage of the 'calculator' through completion has been minimal because of the complexity (per IRS comments)."

How concerned is the Advisory Committee about a major increase in the number of "under-withheld" taxpayers who will have to pay extra tax during the filing season? Concerned enough to officially recommend that the IRS waive penalties for under-withholding.

That's right, if you did nothing during 2018 about your taxes at all, you may end up owing not just extra taxes, but penalties as well — all because the IRS decided to rely on the old forms that you may have given to your employer years ago. The idea, of course, was for you to "start seeing a lot more money in your paycheck" as soon as possible, as Trump said. Unfortunately, all that money can come right out of your bank account in a few months, and then some.

If the IRS Advisory Committee is worried, you should be as well. So do yourself a favor — check that IRS withholding calculator. You may need to cut back on your holiday shopping after that.

Raskolnikov is Wilbur H. Friedman Professor of Tax Law at Columbia Law School.

@thebudgetguy

Federal Spending And Taxes In A Time Of Madness

October 1, 2018

2018 Is The Year Of Federal Budget Debauchery

I am not being hyperbolic or using click bait with the headline you see above.

I have been involved with the federal budget in some capacity for over 40 years and, based on that experience, it's actually quite easy for me to conclude that 2018 has been the worst year in U.S. history for anything and everything related to the federal budget.

Consider this.

Big Permanent Increases In The Deficit. The numbers are indisputable regardless of whether you're a budget traditionalist that hates red ink or a political or economic denier that thinks the federal deficit doesn't matter. The U.S. budget deficit is going to be close to or exceed $1 trillion in fiscal 2019 and is projected by both Donald Trump's Office of Management and Budget and the Congressional Budget Office to keep rising. A $1.5 trillion deficit in the near future is very likely and, if there's an economic downturn, $2 trillion is definitely possible.

> ***The blame for this year's fiscal debauchery belongs squarely on the House and Senate Republican majorities and the GOP president.***

What did Trump and the Republican Congress do this year when faced with these unprecedented-in-a-good-economy numbers? They ignored them and attempted to increase the deficit even further.

- Trump still wanted $5 billion for his wall between the United States and Mexico
- Trump proposed a new Department of Defense space force that will cost billions more than we're currently spending.
- Just before it recessed last week, the GOP-controlled House passed yet another tax cut that will add hundreds of billions more to the deficit and national debt if it's enacted.
- The fiscal 2019 appropriations that were enacted last week included billions of dollars in additional military and domestic spending.
- There was also the $12 billion bailout for farmers to offset the impact of the Trump tariffs.
- And there was the Trump $1.5 trillion infrastructure proposal.

About the only thing that occurred this past year that should be considered deficit positive was the decision to reconsider/reschedule/cancel the military parade Trump wanted to stage this November because its projected cost was much higher than expected. But, for the record, the deficit impact of cancelling Trump's parade wasn't even a rounding error in terms of the total deficit and national debt.

Two things made this all so much worse.

First, the spike in the deficit was due to enacted changes in law rather than the short-term tax decreases and spending increases that happen during an economic downturn. Contrary to the temporary trillion-dollar deficits that occurred during the Obama administration because of the Great Recession, these GOP deficits are permanent.

Second, this huge deficit increase was put in place when the U.S. economy was in comparatively good shape and smart fiscal policy dictated the opposite of what was done. We're already starting to see the impact of this with high interest rates.

The End Of The Congressional Budget Process. Congress's decision to ignore the process this year effectively means that the Congressional Budget Act has been abandoned.

The biggest example of that abandonment started with the GOP leadership deciding early that, even though it was legally required, Congress would not adopt a budget resolution this year. The reasoning was quite cynical: they didn't want the Republicans running for reelection to have to go on record in favor of the trillion-dollar budget deficits their tax and spending policies created.

Accountability for the deficit was one of the main reasons the Congressional Budget Act was adopted. The act created budget resolutions specifically to force representatives and senators to vote on a single piece of legislation that compared total revenues and spending o they could be held accountable for the deficit or surplus.

This year, House Speaker Paul Ryan (R-WI) and Senate Majority Leader Mitch McConnell (R-KY) unilaterally decided that the budget act didn't need to be implemented specifically because that accountability could hurt the GOP's chances of retaining its majorities.

It's hard to see the Congressional Budget Act ever being fully implemented again because of the Ryan/McConnell ploy. While Congress has not adopted budget resolutions in other years, those failures were mostly the result of an inability or unwillingness to compromise rather than a willful disregard of the law.

The second biggest example of the budget process being abandoned was the House's and Senate's failure to oversee Trump's repeated efforts to impound, transfer and reprogram funds away from congressionally mandated priorities. Appropriations were frequently used by the White House very differently from they way they were supposed to be used and Congress did nothing.

The blame for this year's fiscal debauchery belongs squarely on the House and Senate Republican majorities and the GOP president. Their policies and decisions all made the federal budget situation much much worse.

It won't be getting better any time — as in years or even decades — soon.

Follow Stan Collender on Twitter @thebudgetguy

The New York Times

Are You Ready for the Financial Crisis of 2019?

Here are five ways things could get bad for everyone.

By Alex Williams

Dec. 10, 2018

For moneyed Americans, most of the past year has felt like 1929 all over again — the fun, bathtub-gin-quaffing, rich-white-people-doing-the-Charleston early part of 1929, not the grim couple of months after the stock market crashed.

After a decade-long stock market party, which saw the stocks of the S. & P. 500 index create some $17 trillion in new wealth, the rich indulged in $1,210 cocktails at the Four Seasons hotel's Ty Bar in New York, in $325,000 Rolls-Royce Cullinan sport-utility vehicles in S.U.V.-loving Houston and in nine-figure crash pads like Aaron Spelling's 56,000-square-foot mansion in Los Angeles (currently on the market for $175 million, more than double what it fetched just five years ago).

Will it last? Who knows? But in recent months, the anxiety that we could be in for a replay of 1929 — or 1987, or 2000, or 2008 — has become palpable not just for the Aspen set, but for any American with a 401(k).

Overall, stocks are down 1.5 percent this year, after hitting dizzying heights in early October. Hedge funds are having their worst year since the 2008 crisis. And household debt recently hit another record high of $13.5 trillion — up $837 billion from the previous peak, which preceded the Great Recession.

After a decade of low interest rates that fueled a massive run-up in stocks, real estate and other assets, financial Cassandras are not hard to find. Paul Tudor Jones, the billionaire investor, recently posited that we are likely in a "global debt bubble," and Jim Rogers, the influential fund manager and commentator, has forewarned of a crash that will be "the biggest in my lifetime" (he is 76).

What might prove the pinprick to the "everything bubble," as doomers like to call it? Could be anything. Could be nothing. Only time will tell if the everything bubble is a bubble at all. But, just a decade after the last financial crisis, here are five popular doom-and-gloom scenarios.

Happy holidays!

5. Student Debt

Remember how the 2008 crisis was triggered by a bunch of people, who probably should not have been lent giant amounts of money in the first place, not making their mortgage payments? That was just the precipitating factor, but go back and stream "The Big Short" if none of this rings a bell.

Then fast-forward to 2018, where bad mortgages may not be the problem. Consider, instead, the mountain of student debt out there, which is basically a $1.5 trillion bet that a generation of underemployed young people will ever be able pay off a hundred grand in tuition loans in an economy where even hedge funders are getting creamed. Already, a lot of them aren't paying and can't pay. In a climate where "there are massive amounts of unaffordable loans being made to people who can't pay them," as Sheila Bair, the former head of the Federal Deposit Insurance Corporation, described the student debt problem in Barron's earlier this year, nearly 20 percent of those loans are already delinquent or in default. That number could balloon to 40 percent by 2023, according to a report earlier this year by the Brookings Institution.

Now, lots of that debt is owed the federal government, so it's unlikely to poison the banking system, as mortgages did a decade ago. But this burden of debt is already beginning to wipe out the next generation of home buyers and auto purchasers. As a result, a generation of well-educated and underemployed millennials, told to value a college education above all, could drag down an economy that never seemed to want them in the first place.

Photo illustration by The New York Times; Spencer Platt/Getty Images (stock trader)

4. China

You know who has racked up even more debt than hopeful 20-something ceramics-studies grads in the United States? Here's a hint: It's a not-exactly-Communist country in Asia that has been on such a wild debt-fueled building spree that it somehow used more cement in just three years earlier this decade than the United States did in the entire 20th century. Think about that. Now think about it some

more. Over the past decade, China devoted mountains of cash to build airports, factories and entire would-be cities — now known as "ghost" cities, since the cities are populated by largely empty skyscrapers and apartment towers — all in the name of economic growth. And grow it did.

The result is a country with a supersized population (1.4 billion people) and supersized debt. Where things go from here is anyone's guess. Optimists might argue that those trillions bought a 21st-century Asian equivalent of the American dream. Pessimists describe that massive debt as a "mountain," a "horror movie," a "bomb" and a "treadmill to hell," all in the same Bloomberg article. One thing seems certain, though: If the so-called "debt bomb" in China explodes, it's likely to sprinkle the global economy with ash. And with President Trump teasing a trade war that already seems to be threatening China's massive, export-based economy, we may have our answer soon.

3. The End of Easy Money

Say you lived in the suburbs, and one day your neighbor suddenly pulled up her driveway in a new $75,000 Cadillac Escalade. A week later, she was tugging a new speedboat. A few weeks after that, it was Jet Skis. You might either think, "Wow, she's rolling in it," or "Golly, she hates glaciers." (Hatred of glaciers may prove, actually, to be the real spark of the financial end times.) But what if it turned out that she bought all of those carbon-dioxide-spewing toys on credit, at crazy-low interest rates? And what if those rates suddenly started to spike? The result would likely be good news for the polar ice caps and bad news for her, when the repo man (not to cave to gender stereotypes about repo-persons) came calling.

O.K., overstretched metaphor alert: The "neighbor" is us. Ever since the Federal Reserve started printing money in the name of "quantitative easing" to pull us out of the last financial crisis, money has been cheap, and seemingly any American with a pulse and a credit line has been able to fake "rich" by bingeing on all sorts of indulgences — real estate (despite tighter lending standards), fancy watches and awesome gaming systems, to say nothing of the debt that corporations were racking up, which some market analysts think might be the biggest threat of all.

The problem is: The whole system is now running in reverse. The Fed has been hiking rates and spooking markets in order to stave off inflation and other potential ills. Is this an overdue fit of fiscal sanity, or the equivalent of taking away the punch bowl just as the party was getting started, then dumping it on our heads?

There is at least one person at 1600 Pennsylvania Avenue who thinks this could all end badly. "The United States should not be penalized because we are doing so well," Mr. Trump tweeted on July 20, just one of a series of broadsides against the current Fed policy, adding, "Debt coming due & we are raising rates - Really?"

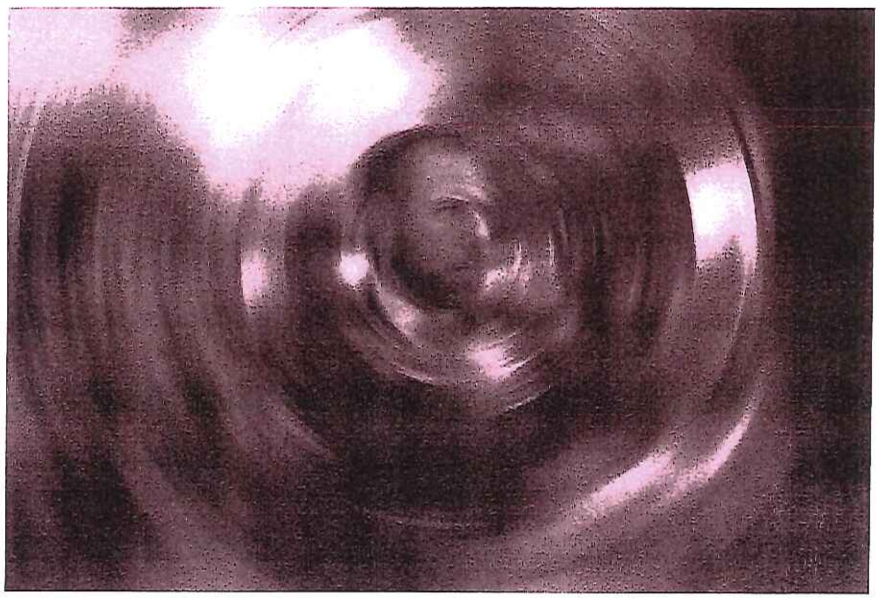

Photo illustration by The New York Times; Spencer Platt/Getty Images (stock trader)

2. Italexit

I know, it's a crazy thought: Imagine that a bunch of neighboring countries with wildly different languages, customs, values, and priorities somehow failed to get along? We don't have to rewind 70-something years to the last Pan-European shooting war. Just witness the continuing problems in the European Union. Ever since Britain voted to leave the union in the Brexit referendum of 2016, Europeans have been engaged in a dark parlor game, speculating on who might be next. Might it be a "Frexit" spurred by nationalists in France? A "Nexit" stoked by the anti-immigrant far right in the Netherlands? Lately, the fears have focused on Italy, where an "Italexit" — or "Quitaly," if you can't help yourself — has been bandied about by populist politicians as they threaten to abandon the euro, or leave the European Union altogether, over an ongoing tiff with European neighbors over deficit spending, migration and whatever else drums up votes.

The turmoil has already sent ripples through global markets during the past year. In recent months, Italian populists are still making veiled threats to break up the coalition, and the official denials are not 100 percent reassuring. Following the latest budget squabble with Brussels, the Italian Prime Minister Giuseppe Conte told news reporters: "Read my lips: For Italy there is no chance, no way to get 'Italexit.' There is no way to get out of Europe, of the eurozone." Was he aware that "read my lips" is American political shorthand for a "broken promise"?

1. An Anti-Billionaire Uprising Across America

It could happen. Just sayin'.

Boom and Bust
The economy has a body count.

STAN COLLENDAR — THE BUDGET GUY

Republican Senate & Democratic House will fue...

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Ready for big drama over spending and debt? Next two years will be brutal.

Divided government means Trump will be in confrontational reelection mode while House Democrats and Senate Republicans fight and the deficit soars.

What do this week's election results mean for the deficit, national debt, government spending and fiscal melodrama in Washington? There's going to be much more of each one.

The House under Democratic control and the Senate with a larger Republican majority means that an already a difficult

federal budget situation will be even more difficult in the next Congress. Add in a Trump White House in reelection mode, and the federal budget outlook is clearly much worse.

There are five reasons.

First, if there are no changes and federal spending and revenues are left on autopilot because there's a stalemate among the House, Senate and White House, the budget deficit will balloon to more than $1 trillion a year ... and stay there. According to the Congressional Budget Office, the deficit will be at or well above that level for every year through at least 2028.

Budget agreements might increase deficit

Second, to the extent there are any budget-related agreements between House Democrats and Senate Republicans over the next two years, they are likely to be on things that will increase the deficit even further. The new Republican Senate and Democratic House will each demand that their spending preferences be accommodated before they will agree to support what the other wants. The result could either be that nothing gets added to the already soaring deficit outlook, or they pile on billions more.

Third, fiscal transparency and accountability will take a big hit because Congress will now be even less likely to adopt a budget. Even though it is required by law to do so, the House and Senate will have such different spending and taxing agendas that finding a compromise that can pass both chambers will be a long shot at best. In addition, having no budget will mean every Republican and Democrat will be able to avoid voting in favor of those trillion-dollar-plus deficits and their leaders won't have to beg them to do so.

Fourth, the drama surrounding the budget will increase exponentially with appropriations fights, potential and actual government shutdowns and debt ceiling showdowns now even more likely than they were before as Senate Republicans, House Democrats and the Trump White House all jockey for position and maneuver for leverage on a variety of issues. As a result, getting all 12 appropriations bills enacted by the start of the fiscal year (Oct. 1 of each calendar year) will now be even less probable than it has been in recent years.

Fifth, Trump will have far less incentive to compromise with Congress on spending and taxing issues than he did before. For example, he previously was willing to delay until after the election his demand for funding for a wall between the United States and Mexico because GOP leaders asked. But departing Republican Speaker Paul Ryan looks likely to be replaced by Democratic Speaker Nancy Pelosi, whom Trump and the Republicans demonized throughout the campaign. That won't be as easy or desirable (and may not be as politically acceptable) for the White House as dealing with Ryan.

Trump may prefer confrontation to compromise

What makes all this worse is that it's hard to see this dismal federal budget outlook improving over the next few years. Not only will there be no imperative for Congress and Trump to reduce the deficit, it's far more likely that, if anything, they will increase it further.

If an economic downturn occurs, the House, Senate and White House will be racing to be the first to propose spending increases and tax reductions to deal with it. And it's virtually impossible to imagine that either side would accept the one budget deal that would make a serious dent in the deficit — where House Democrats agree to cut Social Security and Medicare in exchange for Senate Republicans agreeing to corporate tax increases and military reductions.

There's also the question of whether Trump, as he moves increasingly into reelection mode over the next two years, will be more interested in confrontation than compromise with House Democrats on anything.

It's going to be brutal two years.

Stan Collender, a member of USA TODAY's Board of Contributors, teaches federal budgeting at the McCourt School of Public Policy at Georgetown University and is the founder of thebudgetguy.blog. Follow him

THE NEW YORKER

TRUMP SUPPORTERS CELEBRATE IMMINENT LOSS OF THEIR HEALTH INSURANCE

By Andy Borowitz May 4, 2017

PHOTOGRAPH BY SPENCER PLATT / GETTY

WASHINGTON (The Borowitz Report)—Moments after House Republicans voted to repeal the Affordable Care Act on Thursday, millions of Trump supporters celebrated the imminent loss of their health insurance.

From coast to coast, Americans who cast their votes for Donald J. Trump expressed jubilation at finally being relieved of the burden of being insured in the event of catastrophic illness.

"Ever since President Trump was inaugurated, I've been counting the days for him to take away my health insurance," Carol Foyler, a Trump supporter in Houston, said. "Today I just want to say thank you, Mr. President, for keeping your promise."

Harland Dorrinson, a Trump voter from Tallahassee, Florida, said that he was "excited as hell about losing my health insurance" but sounded a more cautious note.

"I just hope the Senate doesn't come in and give me back my health coverage," he said. "Right now this all feels too good to be true."

Most Trump supporters, however, would not let such gloomy predictions about the future ruin what for them was a day of unbridled celebration.

"Knowing that Trump could take away my Obamacare makes me feel super optimistic about what he's capable of," Tracy Klugian, of Columbus, Ohio, said. "I can't wait until he gets rid of my Medicare."

The Washington Post
PowerPost

Liberal revolt threatens to derail House Democrats on their first day in charge

By Mike DeBonis
January 2 at 12:36 PM

House Democratic leaders faced the prospect of a liberal rebellion on their first day in charge after prominent Democrats said they would oppose a package of rules changes endorsed by Nancy Pelosi, the incoming speaker.

Rep. Ro Khanna (Calif.) and Rep.-elect Alexandria Ocasio-Cortez (N.Y.) said they would vote against the rules changes on Thursday — in the second vote Democrats will take in the majority, after electing Pelosi (D-Calif.) — because of the inclusion of a fiscal measure known as "pay as you go," or PAYGO. That rule, echoing a provision in federal law and in the Senate's rules, would require the House to offset any spending so as not to increase the budget deficit.

It remains to be seen whether the liberals will have the votes to torpedo the rules package, which sets the parameters for the new House. Defeat of the legislation would be an embarrassing setback for Pelosi that could herald further divides in the Democratic caucus.

In the near term, however, Democrats could regroup and revise the measure to win votes and move ahead on the House's work, including a vote on legislation to reopen the government.

Liberals such as Khanna and Ocasio-Cortez — and activists on the political left — argue that PAYGO amounts to a legislative straitjacket that could impede their efforts to pass ambitious social programs. And they are especially dubious of its necessity after congressional Republicans waived the law in 2017 to pass a tax bill that added more than $1.5 trillion to the federal deficit over its first decade.

"This is in no way a vote against the leadership; this is a vote against austerity economics that has caused great harm to middle class and working families," Khanna said in an interview Wednesday. "I don't think we need to handcuff ourselves in ways that Republicans never have."

Ocasio-Cortez announced her opposition in a tweet: "PAYGO isn't only bad economics . . . it's also a dark political maneuver designed to hamstring progress" on health care and other legislation.

Rep. Tim Ryan (D-Ohio) said in a statement that PAYGO "is a no go for me" and that the rule could obstruct "critical investments in education, infrastructure, and health care."

"We all believe we need to ultimately bring our budget into balance, but these investments are too important right now to pass up and will yield significant returns for the U.S. Treasury," he said, although it was unclear how he would vote.

The PAYGO rules date back nearly 30 years, to Congress's initial attempts to rein in the budget deficits of the 1980s. But the rules fell by the wayside amid the budget surpluses of the 1990s.

When Democrats took control of Congress in 2007, they included PAYGO provisions in their rules, and in 2010, they wrote it into federal law. But Republicans never included the measure in House rules, and the law has been repeatedly waived over the years — making the practical effect of the law questionable.

Drew Hammill, a spokesman for Pelosi, responded to Khanna on Twitter on Wednesday by pointing out that the federal law remains in place regardless of what rules House Democrats adopt — and that including the measure in the rules would allow Democrats to "designate appropriate offsets" rather than allow the Trump administration to make the across-the-board cuts mandated in law.

"A vote AGAINST the Democratic Rules package is a vote to let Mick Mulvaney make across the board cuts, unilaterally reversing Democratic initiatives and funding increases," he said, referring to the budget director and acting White House chief of staff.

Having a splinter group of lawmakers stand up against party leadership is nothing new in the House — the hard-right House Freedom Caucus did so routinely over the past four years of GOP control. But it is something that Pelosi and Democratic leaders had hoped to avoid on their first day in power.

Ocasio-Cortez appeared to solicit opposition to the PAYGO rule, retweeting a message Wednesday that it would take 18 Democratic no votes to block the rules package. But Khanna said he was not encouraging colleagues to vote against it and otherwise praised Pelosi and incoming Rules Committee Chairman Jim McGovern (Mass.) for the rest of the package.

The proposed rules, released Tuesday night, include a number of reforms — including a rule allowing members to wear religious headwear on the House floor for the first time, provisions giving bipartisan bills a clearer path to floor consideration and the establishment of a special committee to address the climate crisis.

"This is not some strategy of coordination where [members] are trying to torpedo the rules package," Khanna said. "It's a single member who cares deeply about economic policy making a point about the direction we should go, and hopefully leadership will take it in that spirit."

Jeff Stein contributed to this report.

Mike DeBonis
Mike DeBonis covers Congress, with a focus on the House, for The Washington Post. He previously covered D.C. politics and government from 2007 to 2015. Follow

Economic Policy Institute

Working Economics Blog

Posted December 18, 2018 at 10:43 am by **Josh Bivens**

The bad economics of PAYGO swamp any strategic gain from adopting it

The obscure Congressional budget rule known as PAYGO ("pay as you go") has **burst into the news lately**. A PAYGO rule means that any tax cut or spending increase passed into law needs to be offset in the same spending cycle with tax increases or spending cuts elsewhere in the budget. Incoming House Speaker Nancy Pelosi has indicated that the House of Representatives will abide by PAYGO in the next Congress, and this decision has sparked much controversy.

Many Washington insiders **assert forcefully** that committing to PAYGO rules in the House for the next Congress is good politics. The argument is that it assuages fears of politicians who believe they must make public commitments to lower deficits to avoid being punished by voters who care deeply about this issue. If voters do indeed have strong preferences for reducing deficits, then policymakers—even those who want to use fiscal policy to reduce inequality by expanding public spending and investment—must first commit to PAYGO to convince these voters that budget measures can both reduce inequality and be fiscally "responsible."

The strength of evidence supporting this political claim **is debatable**. What's less debatable is that PAYGO really has hindered progressive policymaking in the not-so-recent past. For example, it was commitments to adhere to PAYGO that led to the Affordable Care Act (ACA) **having underpowered subsidies** for purchasing insurance and, even more importantly, having a long lag in implementation; the law passed in January 2010 yet the exchanges with subsidies only were up and running by 2014. This implementation lag meant that the ACA's benefits were not as sunk into Americans' economic lives by the time a hostile Republican Congress and administration began launching attacks on it following the 2016 elections. It is a real testament to how much better the ACA made life for Americans that it has been stubbornly resistant to these attacks. But it would have been helpful to have a couple more years to have it running smoothly, but that didn't happen largely because the ACA's architects wanted to meet PAYGO rules over the 10-year budget window.

Even more fundamentally, it is **terrible economics to view federal budget deficits as always and everywhere bad**. Making good policy in the future will require that voters be educated on this front. Why not start now? After all, our failure as a society to understand the economics of deficits and debt greatly contributed to the destructive impact of the Great Recession of 2008–09. The stakes of allowing history to repeat itself are high enough that we should take the time to quickly recap the history of how costly irrational deficit-phobia has been.

In the generation before the Great Recession, D.C.-based policymakers and analysts from both political parties cultivated an unhealthy degree of fear around federal budget deficits. This excess fear of deficits **led them to miss the real dangers** facing the economy as the Great Recession approached. The root of the economic crisis of 2008–09 was the deregulation that allowed an enormous housing bubble to inflate to levels guaranteed to cause a deep recession when it inevitably burst. Yet most Democratic criticisms of the economic stewardship of President George W. Bush stemmed instead around his presiding over run-ups in federal budget deficits. In 2006, for example, then-Senator Barack Obama **voted against raising the nation's statutory debt ceiling** to signal his disapproval of excessively high deficits and debt. It was bad enough that excess concern over deficits blinded policymakers to gathering economic storms elsewhere. It was even worse that this deficit fear-mongering was happening while the federal budget deficit was extremely small and shrinking rapidly: the budget deficit in 2006 and 2007 averaged **less than 1.5 percent of GDP**—an amount that is absolutely sustainable forever.

This excess fear around budget deficits became an economic catastrophe during the recovery from the Great Recession. Despite multiple warnings that the American Recovery and Reinvestment Act (ARRA) of 2009 would not be at sufficient scale to generate a full recovery, 2010 saw a pivot away from defending the need for expansionary fiscal policy (i.e., running deficits to finance measures to support the economy) and toward prioritizing measures to reduce deficits. A prime example was in the January 2010 State of the Union address—***when the unemployment rate was 9.8 percent***—when President Obama said:

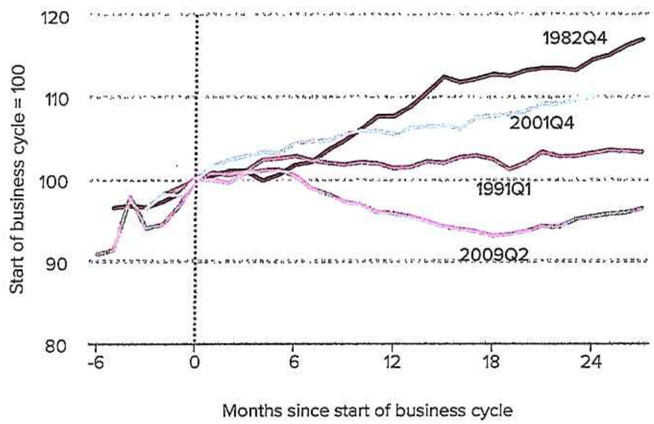
"But families across the country are tightening their belts and making tough decisions. The federal government should do the same. So tonight, I'm proposing specific steps to pay for the trillion dollars that it took to rescue the economy last year...Like any cash-strapped family, we will work within a budget to invest in what we need and sacrifice what we don't..."

Why am I taking you on this extended walk down the memory lane of irrational deficit-phobia? Because it had terrible consequences. The recovery from the Great Recession was the slowest in post-World War II history, and the degree of fiscal austerity **can *entirely* explain its slowness**. The figure below shows the growth in public spending per capita in the recovery following the Great Recession compared to previous recoveries. If this public spending following the Great Recession had followed the average path of the recoveries of the 1980s, 1990s, and early 2000s, a full recovery with unemployment around 4 percent **would have been achieved *by 2013***.

FIGURE A

Fiscal austerity explains why recovery has been so long in coming

Change in per capita government spending over last four business cycles



Note: For total government spending, government consumption and investment expenditures deflated with the NIPA price deflator. Government transfer payments deflated with the price deflator for personal consumption expenditures. This figure includes state and local government spending.

Source: EPI analysis of data from Tables 1.1.4, 3.1, and 3.9.4 from the National Income and Product Accounts (NIPA) of the Bureau of Economic Analysis (BEA)

Economic Policy Institute

Now, this austerity following the Great Recession was largely driven by Republicans—both in Congress and in statehouses. But the generation of bipartisan fear-mongering about deficits surely helped Republicans hold the line on spending cuts and claim that this austerity was fiscally responsible, even as voters suffered the economic consequences. The fact that Republicans' embrace of deficit-reduction is complete hypocrisy and always takes a backseat to their desire to cut taxes for the rich is infuriating, but it doesn't change the fact that fueling excess fear about deficits (**even when done in the service of *good* policy goals like fighting regressive tax cuts**) has been terrible economics.

Some people claim that the economic evils of PAYGO are overstated. After all, any sensible Congress would waive it if the economy entered a steep recession and needed expansionary fiscal policy, right? Here, it helps to look at the previous figure again—most of that spending austerity shown in the figure happened after the official

recession ended, but occurred while unemployment remained extraordinarily high. The necessity for expansionary fiscal policy is not confined only to official recessions. As the economy takes **longer and longer to mount full recoveries** after recessions, the need for fiscal policy to remain expansionary even after official recessions end is becoming clearer.

Further, it is debatable whether or not some forms of spending—particularly public investments—should be subject to PAYGO at all. "**Golden Rule**" public budgeting argues that investments can be funded through debt. This makes eminent economic sense—the textbook reason to think that federal budget deficits can cause harm when the economy is at full employment and starved of savings is that deficits can raise interest rates and hence cause a reduction in productive business investment. But if deficits finance productive *public* investment, then total economy-wide investment is unchanged (as public investment just substitutes for private investment), and no economic harm is done.

Does arguing against PAYGO rules mean budget deficits are never harmful or that we can spend all we want without ever having to raise revenue to finance it? No. Deficits can, in certain circumstances, potentially put a steady drag on long-run growth. And progressives need to be full-throated about the need for taxes to be higher to both penalize economic "bads" (like greenhouse gas emissions and financial speculation) and to compress the income distribution to make for more broadly shared growth. And, yes, over the long run the large majority of public spending should, on average, be financed by taxes.

The current debate over PAYGO in the new Democratic majority in the House of Representatives will have very little direct effect on policymaking. The Senate is still controlled by Republicans, so little major legislation will be able to pass a divided legislature. And whatever the House decides to do with its internal rules, there remains a *statutory* PAYGO requirement that can only be loosened by the House and Senate together. So in the end, embracing PAYGO or not in the next House of Representatives is a purely political decision. In the short run, nodding toward conventional notions of "fiscal responsibility" and adopting PAYGO will likely win approving nods from Beltway pundits. But there's a long game that matters here, too; eventually we need to get much smarter about the economics of debt and deficits, and teach voters that the goal of fiscal policy is not always and everywhere to make deficits smaller. Our failure to do this has cost us dearly in recent decades, and now would be a good time to start.

The Washington Post

Opinions

Trump doesn't understand his leverage is gone

By Jennifer Rubin

The Post reports:

President Trump has invited congressional leaders to the White House for a briefing on border security, the first face-to-face session involving Republicans and Democrats as the partial government shutdown entered its second week. . . .

"Border Security and the Wall 'thing' and Shutdown is not where Nancy Pelosi wanted to start her tenure as Speaker! Let's make a deal?" Trump tweeted Tuesday.

One wondrous result of the 2018 election, we will discover, is the near-total irrelevance of Trump's tweets. He can say whatever wacky thing he wants, throw out whatever insults he pleases, but Pelosi (D-Calif.), the incoming House speaker, is not going to be thrown off track or even alarmed. She takes his tweets as confirmation he is clueless and unstable.

Of course, Pelosi would like nothing better than to demonstrate Democrats can govern and the Republican Senate cannot. ("Pelosi responded to Trump's 'let's make a deal' invitation by tweeting that the president had "given Democrats a great opportunity to show how we will govern responsibly & quickly pass our plan to end the irresponsible #TrumpShutdown — just the first sign of things to come in our new Democratic Majority committed to working #ForThePeople.")

Pelosi has her plan ready to go: Pass a clean resolution for six of the seven appropriations bills to fund through the end of the fiscal year and the

Homeland Security appropriations through Feb. 8. Trump cannot prevent her from doing it, nor can Freedom Caucus gadfly Rep. Mark Meadows (R-N.C.), who declared the move a "non-starter" — as if his consent were necessary.

We'll have to see how Pelosi manages Trump's temper tantrums, lies and incoherence but so far the approach has been four-fold. First, engage the president publicly and correct him/fact-check him in real time. This reminds voters that Trump is not operating in the real world and his positions aren't tethered to reality. Second, make certain Trump is on the wrong side of public opinion. In the case of the border wall and the shutdown, voters oppose both. This further diminishes Trump's leverage and puts pressure on Republicans to split from him. Third, make clear, concise statements of policy. This gives voters a sense that she is in command while Trump blathers on for days, changing his mind and contradicting his advisers. Finally, don't negotiate against herself. Trump, as she wisecracked, has gone from a wall to slatted fence to "a beaded curtain." Mocking Trump and pointing out his weakness infuriate him, demoralize his cult-followers and delight her base.

None of this guarantees that Trump will govern sensibly or recognize the error(s) of his ways. To the contrary, Pelosi assumes he is unteachable. Rather, her strategy is designed to maintain Democratic unity, fracture the Republicans and demonstrate that her party is more reasonable and competent than his.

Pelosi and her fellow Democrats have one more advantage over Trump: the stock market. Even the promise of a meeting between Republicans and Democrats fueled an uptick in the Dow Jones futures market, further indication that Trump's shenanigans (e.g., a trade war, a shutdown, attacks on the independence of the Federal Reserve chairman) harm markets, which in turn freak out Trump, prompt the Republican Party's donors to

CONTINUED

grow anxious and, worst of all, threaten the only thing keeping him afloat, the economic recovery.

In sum, Democratic pols, progressive pundits and ordinary voters should follow Pelosi's example. Don't get mad. Get even — and keep pounding away at the truth. Voters can figure out between Trump and Pelosi who's operating in the real world.

The New York Times

Why Trump Reigns as King Cyrus

The Christian right doesn't like the president only for his judges. They like his style.

By Katherine Stewart
Ms. Stewart writes regularly about the political activities of evangelicals and other religious groups.

Dec. 31, 2018

The month before the 2018 midterms, a thousand theaters screened "The Trump Prophecy," a film that tells the story of Mark Taylor, a former firefighter who claims that God told him in 2011 that Donald Trump would be elected president.

At a critical moment in the film, just after the actor representing Mr. Taylor collapses in the flashing light of an epiphany, he picks up a Bible and turns to the 45th chapter of the book of Isaiah, which describes the anointment of King Cyrus by God. In the next scene, we hear Mr. Trump being interviewed on "The 700 Club," a popular Christian television show.

As Lance Wallnau, an evangelical author and speaker who appears in the film, once said, "I believe the 45th president is meant to be an Isaiah 45 Cyrus," who will "restore the crumbling walls that separate us from cultural collapse."

Cyrus, in case you've forgotten, was born in the sixth century B.C.E. and became the first emperor of Persia. Isaiah 45 celebrates Cyrus for freeing a population of Jews who were held captive in Babylon. Cyrus is the model for a nonbeliever appointed by God as a vessel for the purposes of the faithful.

The identification of the 45th president with an ancient Middle Eastern potentate isn't a fringe thing. "The Trump Prophecy" was produced with the help of professors and students at Liberty University, whose president, Jerry Falwell Jr., has been instrumental in rallying evangelical support for Mr. Trump. Jeanine Pirro of Fox News has picked up on the meme, as has Ron Dermer, the Israeli ambassador to the United States, among many others.

As the Trump presidency falls under siege on multiple fronts, it has become increasingly clear that the so-called values voters will be among the last to leave the citadel. A lot of attention has been paid to the supposed paradox of evangelicals backing such an imperfect man, but the real problem is that our idea of Christian nationalism hasn't caught up with the reality. We still buy the line that the hard core of the Christian right is just an interest group working to protect its values. But what we don't get is that Mr. Trump's supposedly anti-Christian attributes and anti-democratic attributes are a vital part of his attraction.

Today's Christian nationalists talk a good game about respecting the Constitution and America's founders, but at bottom they sound as if they prefer autocrats to democrats. In fact, what they really want is a king. "It is God that raises up a king," according to Paula White, a prosperity gospel preacher who has advised Mr. Trump.

Ralph Drollinger, who has led weekly Bible study groups in the White House attended by Vice President Mike Pence and many other cabinet members, likes the word "king" so much that he frequently turns it into a verb. "Get ready to king in our future lives," he tells his followers. "Christian believers will — soon, I hope — become the consummate, perfect governing authorities!"

The great thing about kings like Cyrus, as far as today's Christian nationalists are concerned, is that they don't have to follow rules. They are the law. This makes them ideal leaders in paranoid times.

"When are they going to start rolling out the boxcars to start hauling off Christians?" Tony Perkins, the president of the Family Research Council, asked in 2016. If you're hearing those boxcars pulling up in the distance, as it were, you don't merely overlook the antisocial qualities of a prospective leader, you embrace them as virtues.

Mr. Trump himself well understands this longing for the hard hand of the despot "If you don't mind me saying so, you've gotten soft," he told Mr. Wallnau and other evangelical leaders during the 2016 campaign — much to their delight.

Another important thing to understand about Cyrus is that he is not a queen. In the Christian nationalist world, legitimate political power is largely male power. Mr. Drollinger insists that the Bible describes only "male leadership."

Of course, there are those on the Christian right who have made a show of holding their noses while supporting Mr. Trump to advance their aims of stacking the Supreme Court or ending abortion. But we are kidding ourselves if we think their continuing support for him is purely transactional.

I have attended dozens of Christian nationalist conferences and events over the past two years. And while I have heard plenty of comments casting doubt on the more questionable aspects of Mr. Trump's character, the gist of the proceedings almost always comes down to the belief that he is a miracle sent straight from heaven to bring the nation back to the Lord. I have also learned that resistance to Mr. Trump is tantamount to resistance to God.

This isn't the religious right we thought we knew. The Christian nationalist movement today is authoritarian, paranoid and patriarchal at its core. They aren't fighting a culture war. They're making a direct attack on democracy itself.

They want it all. And in Mr. Trump, they have found a man who does not merely serve their cause, but also satisfies their craving for a certain kind of political leadership.

Katherine Stewart (@kathsstewart) is the author of "The Good News Club: The Christian Right's Stealth Assault on America's Children."

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A version of this article appears in print on Dec. 31, 2018, on Page A19 of the New York edition with the headline: Why Trump Reigns as King Cyrus

The New York Times

To Make America Richer, Help Poor Children

Recent research shows that social safety net programs benefit everyone.

By David L. Kirp
Contributing Opinion Writer

Dec. 6, 2018

Recent Republican attempts to weaken the social safety net have one big thing in common: The pain they would inflict on poor children could last a lifetime. This is not only miserly but also shortsighted. Research shows that safety net programs keep children in school and out of trouble, and increase their chances of being healthier and living longer. All of this has a positive effect on our economy.

In August, the Trump administration said it was considering a rule that would penalize green card applicants if anyone in their family had ever relied on a safety net program, such as food stamps or Medicaid. It's estimated that in New York City alone, a million immigrants would be affected by the new rule and perhaps forced to choose between their green cards and putting food on the table. The public comment period on it ends next week.

Then there is the administration's push to add work requirements to the food stamp program and Medicaid, part of an executive order President Trump signed in April. A new farm bill has been held up for months by the insistence of Republicans in the House that the already stringent work requirements for food stamps be toughened.

Work requirements have been successfully piled onto Medicaid recipients. The administration encouraged states to apply for waivers that would let them impose work requirements, and some have started to do so. In Arkansas, the first state in the 50-year history of the program to insist that poor people who are not disabled find work or go without health care, more than 4,300 people were dropped from the rolls in a single month for not adhering to the new rules. With the administration's blessing, several other states are poised to follow suit.

When social safety net programs like these are on the political agenda, advocates tend to talk about what the right thing to do is for poor families, while their adversaries paint those families as fraudsters who squander taxpayers' dollars. What we really should be talking about is the profound impact these programs have on the welfare of these families' children, and what that means for our economy and the future of the country.

Consider the way the debate around early education changed after the evidence showed that preschool had long-term effects on everything from educational achievement and employment to rates of incarceration. After economists translated those gains into dollars-and-cents dividends, states started to increase spending on prekindergarten, with solidly Republican states like Oklahoma and Georgia leading the pack. This fall, Congress approved a $260 million funding increase for early-childhood programs.

The safety-net initiatives haven't been viewed in the same light. A 2018 study by the economists Hilary Hoynes, at Berkeley, and Diane Whitmore-Schanzenbach, at Northwestern, concludes that since 1990, these Great Society programs have taken a hammering. Children in the poorest families have suffered the most, as benefits going to those families have been cut by more than 20 percent.

This is a mistake. "We have evidence that the social safety net is an investment," Dr. Hoynes told me.

Children whose families receive food stamps, Medicaid and tax credits are more likely to remain in school, avoid crime, be healthier and live longer. One study found that if a family got an extra $1,000 tax credit during their child's senior year in high school, the teenager was more likely to go to college.

The gains are biggest for the youngest and poorest children, and the longer they get this kind of help, the better off they are. What's more, the benefits are intergenerational — when mothers enroll in Medicaid they are less likely to have low-birthweight babies, insulating their offspring from a host of possible complications that range from heart disease to intellectual disabilities.

The magnitude of the benefits from social safety net investments is becoming clearer with each new study. If the Trump administration has its way, poor children are more likely to remain poor for the rest of their lives, with taxpayers obliged to keep them afloat. As the marketing slogan goes, pay me now or pay me later.

David L. Kirp is a professor of public policy at the University of California, Berkeley, a senior fellow at the Learning Policy Institute and a contributing opinion writer.

Follow The New York Times Opinion section on Facebook, Twitter (@NYTopinion) and Instagram.

Business + Campus + Life

Published: Feb. 17, 2012

NO KIDS IN PUBLIC SCHOOL? YOU STILL BENEFIT

Contact(s): Andy Henion, Zachary Neal

EAST LANSING, Mich. — Quality public schools benefit everyone – including those without school-aged children – and therefore everyone should play a role in maintaining them, according to a study by two Michigan State University scholars.

Senior citizens and others who don't have children in school often argue they should be exempt from paying school taxes because they don't benefit from the schools. But that's not true, argues Zachary Neal, sociologist and lead researcher on the study, which appears in the Journal of Urban Affairs.

"Those without kids in school are getting just as much benefit from public schools as those with kids and accordingly should be just as responsible for maintaining the schools," Neal said. "It's unfair for those without kids to benefit from public schools but not play a role in taking care of the schools."

While many communities offer various school-tax exemptions, those who don't have children in school routinely oppose paying any school taxes, Neal said. In Michigan, nearly half of the 505 school bond elections between 2000 and 2005 failed, according to a March 2010 study in the Journal Educational Policy.

In their study, Neal and co-author Jennifer Watling Neal, assistant professor of psychology, analyzed the data from a Gallup survey of more than 20,000 people from 26 U.S. communities from Michigan to Florida to California. As part of the survey, participants were asked how satisfied they were with their communities and to rate the overall quality of their public schools.

The researchers found a strong relationship between those who were satisfied with their communities and quality schools. This finding was not affected by gender, age, race, employment status or whether the participant owned or rented a home or had children in school.

"We found that having quality public schools makes people more satisfied with their community regardless of whether they had kids in the schools or not," Neal said.

Neal said this is likely due to two major reasons:

- Public schools offer amenities to the entire community such as adult education courses, after-hours computer labs, workout facilities, auditorium space for churches and other groups, and more.
- Public schools have the more indirect benefit of promoting relationships among neighborhood residents. These relationships lead to issues getting solved – such as broken streetlights, unplowed streets or crime problems – that benefit everyone.

"I think it really boils down to seeing public schools as more than just schools," Neal said. "They're community institutions that have an educational mission first and foremost, but they also have these other benefits as well."

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THE HILL

Teachers in America quitting jobs at record rate

BY ARIS FOLLEY - 12/28/18 12:22 PM EST

Teachers and public education employees in the United States are reportedly quitting their jobs at a record rate.

Public educators — including teachers, schools psychologists, janitors and community college faculty members — quit their jobs at a rate of 83 per 10,000 a month on average in the first 10 months of the year, data from the Labor Department seen by The Wall Street Journal revealed.

According to the newspaper, that rate is the highest on record since the government began collecting such data in 2011.

The rate of departures is also nearly double that of the 48 per 10,000 public education workers who quit their jobs in 2009.

However, the report also points out that teachers are still less likely to leave their positions than other American workers, who reportedly quit their jobs at a rate of 231 per 10,000 this year.

"During the recession, education was a safe place to be," Julia Pollak, a labor economist at Zip Recruiter, told the publication.

Pollak went on to describe that the field is a "more boring place now" for educators who "see their friends finding exciting opportunities."

Teachers are leaving their jobs for a variety reasons, the newspaper reported.

Some are reportedly leaving in search for potentially more lucrative

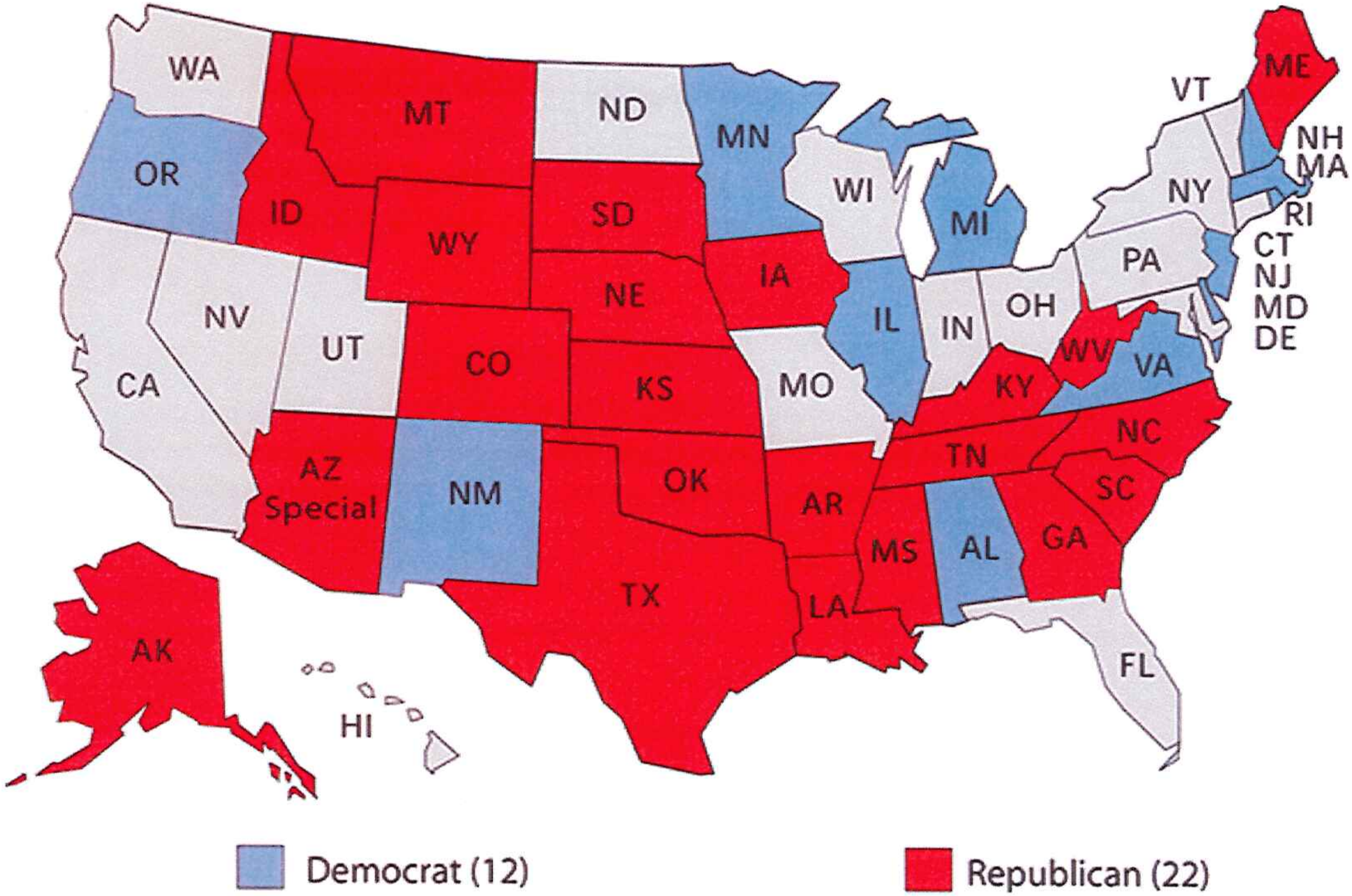
positions elsewhere given the current low unemployment rate.

Others are quitting due to frustrations over a lack of resources and little support from communities, an issue brought to light by a wave of teacher protests in recent months.

"Part of it was compensation," Alice Cain, executive vice president of Teach Plus, a policy organization that works with a network of thousands of teachers, told the Journal.

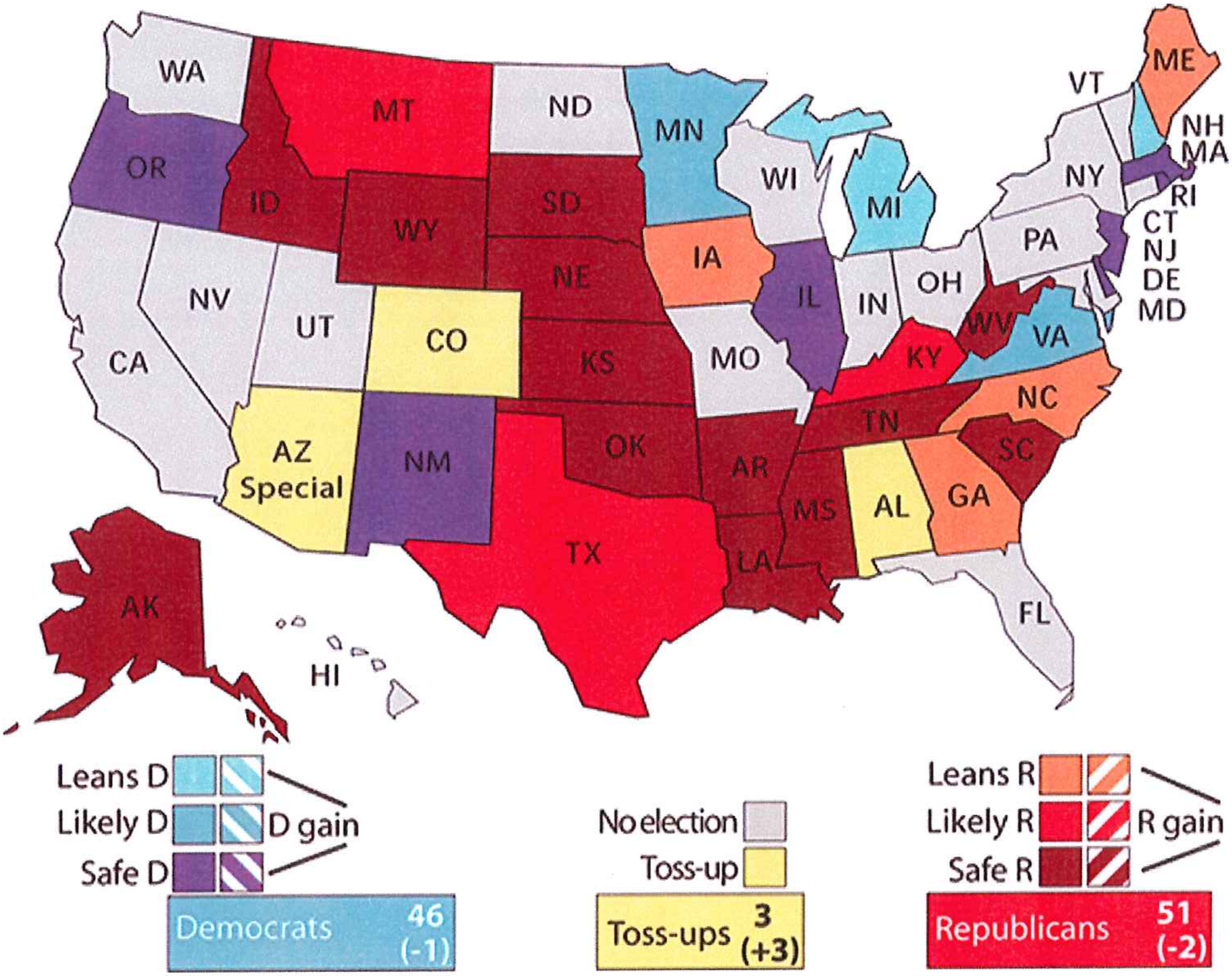
"But part of this was that their students weren't valued, and that the public education system in our country isn't a priority in so many places," she continued.

Map 2: Current party control of Senate seats on the ballot in 2020



In order to win control of the Senate, **Democrats will have to net at least three seats this cycle.** If they did that, the Senate would have an even 50-50 split, with whoever the vice president is in 2021 breaking ties. Without the presidency, Democrats would need to net four seats to win a bare 51-49 majority. However, the Senate races and the presidential race probably will work at least somewhat in tandem, **meaning that it's hard to imagine Republicans holding the White House while simultaneously losing four net Senate seats.** So winning the White House is likely a necessary but not sufficient condition for a Democratic Senate takeover. Our initial ratings for the 2020 races are shown in Map 3.

Map 3: Initial *Crystal Ball* 2020 Senate ratings



While Republicans are defending a large number of total seats, **many of them should be easy GOP holds .** In our initial ratings, more than half of the GOP seats — 13 of 22 — start as Safe Republican. That includes five of the nine Senate seats Republicans captured from Democrats in 2014, the last time this Senate map was contested: Alaska, Arkansas, Louisiana, South Dakota, and West Virginia. **All five of these states are substantially Republican, which makes it difficult to imagine the Democrats clawing any of these states back in 2020.** Additionally, Republicans start with a very clear edge in Idaho, Kansas, Mississippi, Nebraska, Oklahoma, South Carolina, Tennessee, and Wyoming. Collectively, this group has elected only one Democratic senator this century: Ben Nelson (D-NE), who won in 2000 and 2006 before retiring in 2012. It might be tempting to look at a state like Kansas, where Sen. Pat Roberts (R-KS) performed relatively weakly in both his 2014 primary and general election, as a dark horse Democratic target. The state did, after all, just elect a Democratic governor. But then one remembers that Kansas hasn't elected a Democratic senator since 1932.

Meanwhile, seven of the 12 currently Democratic Senate seats start as Safe Democratic: Delaware, Illinois, Massachusetts, New Jersey, New Mexico, Oregon, and Rhode Island. **So that means 20 of the 34 Senate seats on the ballot in 2020 begin as rated Safe for the incumbent party.**

Let's look at the remaining 14, many — but not necessarily all — of which will be competitive in 2020.

While on paper the Democrats need to capture at least three currently Republican Senate seats to take control of the Senate, **realistically they probably need to win at least four** . That's not because of the presidential race; rather, it's because Democrats are going to have a very hard time defending the Senate seat currently held by Sen. Doug Jones (D-AL), who won a December 2017 special election against former Alabama state Supreme Court Chief Justice Roy Moore (R), arguably the worst candidate either party has nominated for a hotly-contested Senate seat in recent memory. Jones beat Moore 50.0% to 48.3% in the special election despite Moore's many problems. One would assume both that the GOP presidential nominee will carry Alabama by 20 points or more and that the GOP Senate nominee won't be as weak as Moore. The 2018 Senate results, where Democratic incumbents lost in three heavily Republican states despite good national conditions, also augur poorly for Jones, who is running in a Deep South state that may be more Republican at its core than Indiana, Missouri, or North Dakota, the three dark red states where Democrats lost in November. **Starting Alabama as a Toss-up probably is being kind to Jones, and he is clearly the most vulnerable senator on the ballot of either party.** A host of Republicans are considering bids, including several state-level officeholders, Rep. Bradley Byrne (R, AL-1), and perhaps even former U.S. Attorney General Jeff Sessions, who held this seat for two decades prior to joining the Trump administration. Alabama seems likely to lose a GOP-held House seat after the 2020 census reapportionment, which could prompt other members of the state's congressional delegation to take a look at this Senate race. Uncertainty about the quality of Jones' 2020 challenger is the only thing keeping Alabama a Toss-up, although we also have learned that it is sometimes dangerous to write off an incumbent at the start of a campaign cycle.

Democrats start as at least small favorites in the four other plausible GOP targets on this map. Sen. Gary Peters (D-MI) is a fairly low-profile senator, although he did win what was in hindsight an impressive, double-digit victory in an open-seat race against former Michigan Secretary of State Terri Lynn Land (R) in 2014. That was notable because Trump very narrowly won the state two years later, and Sen. Debbie Stabenow (D-MI) turned in a relatively weak 6.5-point victory in her reelection last month, holding off a spirited challenge from veteran John James (R). James could run again, and he likely would need Trump or another GOP presidential nominee to once again carry Michigan to have a real chance to win. Trump reportedly considered James as the next ambassador to the United Nations, but he decided to nominateState Department spokeswoman Heather Nauert instead.

New Hampshire, one of the nation's perennially competitive states, also is a plausible GOP target as Sen. Jeanne Shaheen (D-NH) considers whether to seek a third term. Gov. Chris Sununu (R-NH) would be a natural and formidable challenger, although he said back in 2017 that he would "never" run for the Senate, for what it's worth. Former Sen. Kelly Ayotte (R-NH), a hard-luck loser in 2016, is another familiar GOP name in the Granite State who would be a credible Republican Senate nominee. Longer-shot Republican targets come in Minnesota, where Sen. Tina Smith (D-MN) likely will seek a first full term, and Virginia, where Sen. Mark Warner (D-VA) likely will seek a third term. Trump came close to winning Minnesota in 2020; if he somehow carried it, that probably would put Smith in danger, but it's unclear whether she will face a top challenger. Meanwhile, the Democratic presidential nominee should be decently positioned in Virginia, which should insulate Warner, who got a real scare in the poor national Democratic environment of 2014. If either Smith or Warner is in significant trouble come November 2020, something likely is going seriously wrong for Democrats overall.

All told, Republicans have one really good target in the Senate in 2020 — Jones in Alabama — and probably uphill climbs in the other currently Democratic Senate seats on the ballot. **But just one good target might be sufficient, because the Democratic Senate target list is like a cheap, all-you-can-eat buffet: long on options, but short on quality.**

Democrats' best two chances to win a currently GOP Senate seat in 2020 come in Arizona and Colorado, **both of which we're starting as Toss-ups.**

Let's start in the Centennial State, where at the very least we know with reasonable certainty the identity of the GOP nominee, as Sen. Cory Gardner (R-CO) is gearing up to seek a second term. Gardner won by two points over then-Sen. Mark Udall (D-CO) in the strong GOP environment of 2014. Gardner might have a harder slog in 2020, as Democrats appear to be gathering strength in Colorado. Clinton carried the state by about five points in 2016, and Democrats won the governorship for the fourth-straight cycle in 2018. Gardner might not need the Republican presidential nominee to carry Colorado in order to win, **but remember that no state voted differently for president and Senate in 2016** , the first time that has ever happened in the history of Senate popular elections. If the GOP presidential nominee can't keep it very close in Colorado, Gardner is in real trouble. The Democratic field is unclear in the early going: Possibilities include Crisanta Duran, the outgoing, term-limited speaker of the state House of Representatives; two of the candidates who unsuccessfully sought the Democratic gubernatorial nomination last cycle, former state Treasurer Cary Kennedy and former state Sen. Mike Johnston; and possibly outgoing, term-limited Gov. John Hickenlooper, who probably will take a shot at running for president. Remember: Gardner didn't enter the 2014 contest until late February 2014 after initially taking a pass on the race, so there's plenty of time for Hickenlooper to dabble in the presidential race and, if it doesn't work out, potentially reconsider a Senate bid.

In Arizona, Sen. Jon Kyl (R-AZ) has yet to announce whether he's going to stay in the Senate after taking over for McCain earlier this year. After retiring from the Senate in 2013, Kyl has always seemed like a short-termer, and he may not even finish out his temporary appointment, which runs through the 2020 special election. Assuming Kyl leaves soon, Gov. Doug Ducey (R-AZ) will appoint another temporary senator. The appointee could seek the office, but remember that appointed incumbency does not confer the same advantages as elected incumbency. One possible appointee is outgoing Rep. Martha McSally (R, AZ-2), who lost to Sen.-elect Kyrsten Sinema (D-AZ) in November, although there's some dispute as to whether Ducey would prefer to nominate someone else, like his now-former chief of staff, Kirk Adams (R), who might just be a caretaker if appointed. It would be ideal for national Republicans if the new appointee, if there is one and that person runs for the job, could at least deter a serious primary challenge. **The late August primary can put a party nominee behind the eight-ball in Arizona, as arguably happened to McSally last cycle and some GOP House candidates over the last few cycles.** It's unclear who Democrats will nominate: Rep.-elect Greg Stanton (D, AZ-9), the former mayor of Phoenix, is a possibility. So too are former state Attorney General Grant Woods (D), a former Republican who was a McCain ally, and Rep. Ruben Gallego (D, AZ-7). Again, let's see if there's a primary on the Democratic side as well: Sinema benefited from a clear path to the nomination in 2018 that allowed her to build a positive statewide profile before GOP attacks started in earnest after McSally won the nomination. Arizona is still right of center, but the Democratic presidential nominee probably will make a play for the state, and the Democratic Senatorial Campaign Committee will assuredly try to field the strongest possible candidate. **Whoever wins this race in 2020 will have to run again for a full term in 2022.**

Four additional GOP-held seats start as Leans Republican in our ratings. Sen. Susan Collins (R-ME) is one of the two Republicans in Clinton-won states on the ballot this cycle (Gardner of Colorado is the other), and the Leans Republican rating mostly reflects some uncertainty about whether she'll run again. If she decides to seek a fifth term, we might upgrade her to Likely Republican, as she still seems to have an enviable level of crossover appeal and Maine probably will be competitive statewide for president (Trump easily carried an electoral vote in Maine's Second Congressional District, but Clinton carried the state overall by three points thanks to greater strength in the more liberal First District). Democrats are hopeful that Collins' important role in the divisive Brett Kavanaugh nomination fight will make her a more partisan, and thus more vulnerable, figure, but it's not clear as of now whether that has happened or will happen. A Collins retirement, meanwhile, would make this race a real Toss-up — and perhaps it'd become that anyway depending on whether perceptions of Collins have dramatically shifted and if a strong Democrat steps up against her. We'll have to see whether Rep. Chellie Pingree (D, ME-1) decides to take the plunge. Sara Gideon (D), speaker of the state House of Representatives, is another possibility. Susan Rice (D), formerly the national security adviser to former President Obama, has tweeted interest in the race, although it's unclear how serious she might be. Rice's mother was from Maine and she's spent a lot of time there, but she is from the Washington, D.C. area.

Assuming all the incumbents in the Leans Republican states run, **the Democrats' best target probably is Sen. Thom Tillis (R-NC)** , a narrow 2014 winner in a competitive presidential state that seems to throw out incumbent senators with regularity. The last two occupants of this seat, former Sens. Elizabeth Dole (R-NC) and Kay Hagan (D-NC), each failed in their attempts to win second terms. It's unclear who Democrats might nominate, though: state Sen. Jeff Jackson (D) is a possibility. The presidential race probably will loom large in this contest: Democrats have hoped the state would become bluer, like its northern neighbor Virginia, because of demographic changes, but the Tar Heel State has consistently voted to the right of the nation for president over the last half century, except when southerner Jimmy Carter was the Democratic nominee in 1976 and 1980. North Carolina is more purple than it was a couple of decades ago, but it's not a pure swing state, either, which gives Tillis a little bit of a cushion, at least to start.

In Iowa, Sen. Joni Ernst (R) was an impressive 2014 winner, and Trump would start as a favorite to carry the state again assuming he's nominated after winning by a surprisingly large nine-point margin in 2016. That said, Iowa also elected two new Democratic House members in November, giving Democrats a three-to-one edge in the House delegation. One Senate possibility is former Gov. Tom Vilsack (D-IA), who also served as secretary of agriculture in the Obama administration.

Finally, Georgia seems to be becoming more competitive, although Republicans narrowly defended the open governorship earlier this year. Sen. David Perdue (R-GA) starts as a favorite, but a strong challenger could push him. Unsuccessful gubernatorial nominee Stacey Abrams (D) could run against Perdue.

Rounding out the list of potentially competitive Senate races are three final GOP-held states we're starting as Likely Republican: Kentucky, Montana, and Texas. Senate Majority Leader Mitch McConnell (R-KY) has weak favorability numbers but the Bluegrass State may simply be too Republican to elect a Democrat to the Senate, something it hasn't done since 1992. The 2019 governors' race, featuring unpopular Gov. Matt Bevin (R), may tell us something about the gubernatorial race: If Bevin wins comfortably in a state-level race despite bad numbers, McConnell likely is unbeatable in a federal election held concurrently with the presidential race no matter what his approval rating may be. Sen. Steve Daines (R-MT) starts well-positioned, and very well could be upgraded to Safe Republican if term-limited Gov. Steve Bullock (D-MT) doesn't challenge him. Bullock has said he is not interested in the Senate race and seems likely to at least dip his toe into the presidential waters, but Sen. Jon Tester (D-MT) recently suggested Bullock would run for Senate (Tester backtracked). Regardless, one would expect the DSCC will lean heavily on Bullock to consider a bid. So we'll just have to wait and see. Meanwhile, Sen. John Cornyn (R-TX) is more of a generic Republican than Sen. Ted Cruz (R-TX), which might put him in a better position for reelection than the more polarizing Cruz, who only won in November by about 2.5 points over outgoing Rep. Beto O'Rourke (D, TX-16). O'Rourke might run for president; Democrats would assuredly love for him to run against Cornyn although, as one observer recently mentioned to us, "you can't make a soufflé rise twice" (borrowing the quote from the witty Alice Roosevelt Longworth). Meaning: At least in terms of a Texas Senate race, Beto-mania might be hard to re-run, although perhaps if O'Rourke takes his act nationally he'd get some traction in a Democratic field that may have plenty of participants but not so much charisma. Cornyn should be OK, but Texas does seem to be getting more competitive, and Republicans should be concerned about their suburban performance across the state, which could endanger several House seats that have seemed safe in the past and, eventually, the state as a whole.

Conclusion

Overall, in order to win the Senate, Democrats probably will need to win Arizona and Colorado as well as at least a couple of the Leans Republican states: Georgia, Iowa, Maine, or North Carolina. That these crucial states begin with Republicans as small favorites points to a larger overall assessment: **the GOP starts this cycle favored to hold the Senate** . However, there is a plausible path for Democrats, particularly if a Democrat wins the presidency and provides some down-ballot coattails.

Kyle Kondik is a Political Analyst at the Center for Politics at the University of Virginia and the Managing Editor of Sabato's Crystal Ball.

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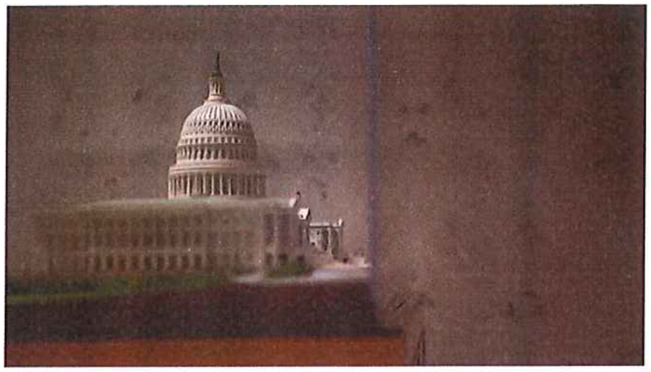
IDEAS

The Path to Give California 12 Senators, and Vermont Just One

Maybe the two-senators-per-state rule isn't as permanent as it seems.

6:00 AM ET

Eric W. Orts
Professor at the Wharton School of the University of Pennsylvania



A scaled model of the U.S. Capitol is pictured in the Dirksen Senate Office Building in Washington. (JASON REED / REUTERS)

In 1995, Senator Daniel Patrick Moynihan declared, "Sometime in the next century the United States is going to have to address the question of apportionment in the Senate." Perhaps that time has come. Today the voting power of a citizen in Wyoming, the smallest state in terms of population, is about 67 times that of a citizen in the largest state of California, and the disparities among the states are only increasing. The situation is untenable.

Pundits, professors, and policy makers have advanced various solutions. Burt Neuborne of NYU has argued in *The Wall Street Journal* that the best way forward is to break up large states into smaller ones. Akhil Amar of Yale Law School has suggested a national referendum to reform the Senate. The retired congressman John Dingell asserted here in *The Atlantic* that the Senate should simply be abolished.

There's a better, more elegant, constitutional way out. Let's allocate one seat to each state automatically to preserve federalism, but apportion the rest based on population. Here's how.

Start with the total U.S. population, then divide by 100, since that's the size of the current, more deliberative upper chamber. Next, allocate senators to each state according to their share of the total; 2/100 equals two senators, 3/100 equals three, etc. Update the apportionment every decade according to the official census.

Using 2017 census estimates as a proxy for the official one coming in 2020, the Rule of One Hundred yields the following outcome: 26 states get only one senator (having about 1/100 of the population or less), 12 states stay at two, eight states gain one or two, and the four biggest states gain more than two: California gets 12 total, Texas gets nine, and Florida and New York get six each. This apportionment shows how out of whack the current Senate has become.

[Read: The people v. the U.S. Senate]

In the new allocation, the total number of senators would be 110. The total is more than 100 because 10 of the smallest states have much less than 0.5/100 of the U.S. population but are still entitled to one senator each.

The obvious reply is, "This is impossible! The Constitution plainly says that each state gets two senators. There's even a provision in the Constitution that says this rule cannot be amended." Indeed, Article V, in describing the amendment process, stipulates that "no State, without its Consent, shall be deprived of its equal Suffrage in the Senate."

This seems like a showstopper, and some scholars say it's "unthinkable" that the one-state, two-senators rule can ever be changed. But, look, when conservative lawyers first argued that the Affordable Care Act violated the Commerce Clause, that seemed unthinkable, too. Our Constitution is more malleable than many imagine.

First, consider that Article V applies only to amendments. Congress would adopt the Rule of One Hundred scheme as a statute; let's call it the Senate Reform Act. Because it's legislation rather than an amendment, Article V would—arguably—not apply.

Second, the states, through the various voting-rights amendments—the Fourteenth, Fifteenth, Nineteenth, Twenty-Fourth, and Twenty-Sixth—have already given their "consent" by directing Congress to adopt legislation to protect equal voting rights, and this delegated power explicitly applies to "the United States" as well as the states. The Senate Reform Act would simply shift seats according to population. No state or its citizens would lose the franchise.

Note that even states that did not ratify the voting-rights amendments have, functionally, consented to them, and thus also to the constitutional logic supporting a Senate Reform Act. As Justice Clarence Thomas explained in 1995, "The people of each State obviously did trust their fate to the people of the several States when they consented to the Constitution; not only did they empower the governmental institutions of the United States, but they also agreed to be bound by constitutional amendments that they themselves refused to ratify."

Remember, too, that the Constitution is a complex framework document that has evolved over the course of more than two centuries. The Civil War inaugurated a century of ever-increasing recognition of voting rights through the aforementioned amendments, which created a new constitutional principle that "the right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State" on specific grounds of race, color, sex, or age. All of these amendments include exactly the same enforcement provision as well: "Congress shall have the power to enforce this [amendment] by appropriate legislation."

Congress has exercised its power under these amendments in legislation such as the Voting Rights Act of 1965. The Supreme Court applied the Equal Protection Clause of the Fourteenth Amendment to declare Senate-like malapportioned state legislatures unconstitutional in a number of cases, such as *Reynolds v. Sims* in 1964, which established a "one person, one vote" standard. As recently as *Bush v. Gore* in 2000, the Supreme Court affirmed equal voting rights of all citizens as an essential constitutional value. Although the Court trimmed a portion of the Voting Rights Act in *Shelby County v. Holder* in 2013, Chief Justice John Roberts, in his majority opinion, reaffirmed the authority of Congress to regulate in this field and endorsed a forward-looking orientation. "The Fifteenth Amendment commands that the right to vote shall not be denied or abridged on account of race or color, and it gives Congress the power to enforce that command," he wrote. "The Amendment is not designed to punish for the past; its purpose is to ensure a better future."

[Read: The electoral college conundrum]

Race and what W. E. B. Du Bois called "the color line" are crucially at issue here because the current Senate allocation is heavily biased in favor of small states with predominantly white populations, and against large states where whites are in the minority or close to it. For example, in California, 38 percent of citizens are white. In Texas, that figure is 43 percent. Compare the two smallest states: Vermont is 94 percent white, and Wyoming is 86 percent white. A comprehensive empirical review comparing the national population of whites, blacks, Latinos, and Asians with the median representation in each state found that "whites are the only group that Senate apportionment advantages." Other, statistically smaller inequalities are present with respect to sex, age, and other constitutionally protected categories, such as sexual orientation.

Constitutional originalists will surely argue that the Founders meant "equal suffrage" in Article V to mean one state, two senators, now and forever. But the Founders could never have imagined the immense expansion of the United States in terms of territory, population, and diversity of its citizens.

Remember also that even if one takes original intent as definitive, the intentions informing Article V at the founding must be balanced against those behind the voting-rights amendments adopted a century or more later. These amendments clearly and repeatedly authorize Congress to protect "the right of citizens of the United States to vote" against any abridgement "by the United States." The plain dictionary meaning of *abridge* is to "reduce the scope" of a right or to "shorten the extent" of it. Unequal Senate apportionment abridges the voting rights of citizens in large states, including nonwhite citizens in those states. This kind of inequality is within the delegated power of Congress to address.

Laurence Tribe of Harvard Law School has recommended that when an earlier constitutional text conflicts with later textual amendments, we should follow "time's arrow." We should keep in mind that the original one-state, two-senators rule was written and ratified by property-owning white men, almost half of whom owned slaves, and that the voting-rights amendments were adopted after a war to end slavery. Frederick Douglass said the Civil War was fought to "unify and reorganize the institutions of this country," and otherwise would have been "little better than a gigantic enterprise for shedding human blood." He was right. Equality of voting rights is an essential constitutional principle that emerged from this struggle—and it's been expanded since then in women's suffrage, the civil-rights movement of the 1960s, and beyond.

There are therefore two strong constitutional arguments in favor of a Senate Reform Act. It protects the equal right of every American citizen to a rough mathematical equality of voting weight and power in their national government—with a constraint, recognizing the virtue in federalism, of allocating one senator to every state at a minimum. And it corrects a heavy, unjustified bias favoring white citizens in the Senate. It doesn't go too far to describe the current Senate apportionment as a vehicle entrenching white supremacy.

[Read: Voter suppression is warping democracy]

Again, some originalists will stand against this argument, saying no state can lose a senator (old-style "equal suffrage") without its "consent." Again, this argument fails because states have already given their "consent" in the voting-rights amendments that give Congress the power—even the duty—to protect U.S. citizens against the denial or abridgment of equal voting rights.

An additional argument supporting the plausibility of a Senate Reform Act is that the Supreme Court might see fit to stay out of the mix. The unelected, nonrepresentative justices might revive an old but good doctrine against overturning a federal statute unless Congress makes a "clear mistake" about its constitutionality. Or the Court might defer to Congress on this issue by invoking the "political question" doctrine, which requires treading lightly in areas where a democratically elected branch has been explicitly granted constitutional power.

Several other structural benefits would follow from a Senate Reform Act. It would automatically mitigate the unrepresentativeness of the Electoral College, which allocates presidential electors to each state equal to the number of its congressional delegation—that is, the total number of representatives and senators. (I should point out also that if this reapportionment would have, hypothetically, occurred prior to the most recent presidential election, the result would not have changed. Red gains in Texas and Florida would have offset a blue gain in California, and blue losses in New England would have balanced red losses in lightly populated western states.)

In large states, the election of multiple senators could allow a broader spectrum of political representation—e.g., *both* Ted Cruz *and* Beto O'Rourke—which might help reduce the poisonous polarization that characterizes our politics.

Last but not least, a new minimum of one senator for small states could ease the path toward statehood for the District of Columbia and Puerto Rico, which are currently unrepresented in Congress. Adding one senator for each of these new states to a Senate of 110 would prove less difficult politically than adding four to 100.

The immediate political likelihood for passage of the Senate Reform Act is not great, in large part because it's not only more democratic than the status quo, but more Democratic, too. Taking the Trump electoral victory map of 2016 as a template, and applying it to the 110 senators created under the reform, yields a gain of plus-eight senators for Democrats and plus-two for Republicans. From a political point of view, then, Democrats should favor the reform—and one can imagine it passing in some alternative future, even if some Democratic senators from small states would have to vote in favor of fairness and principle rather than parochial and racial privilege. Republicans in large states might also be hard-pressed to vote against their own citizens' prospects for fairer and broader representation.

If a Democratic wave continues into 2020, then who knows, a Senate Reform Act could make America a democracy again.

We want to hear what you think about this article. Submit a letter to the editor or write to letters@theatlantic.com.

ERIC W. ORTS is a professor at the Wharton School of the University of Pennsylvania. For the full version of this proposal in working paper form, see "Senate Democracy," available at the author's faculty webpage here.