Housekeeping

- Designated Opponents (link on syllabus)

- Committee chairs ('manage committee' tab on LegSim)

- Pocket rules (for floor debates)

Coalition building

- Attract cosponsors?

- Persuade committees that your bill has support and deserves their attention?

- Work with other lawmakers to incorporate your policy ideas into a single bill (that has more support)?

Congressional budgeting

Congressional Budgeting

- Congress created the budgeting process to promote fiscal responsibility

- How's it working?
  - Federal Budget trends
  - Are deficits and debt a bad thing?

Source: Congressional Budget Office

Public (mis)understanding

RANDOMIZE PEW.2 THROUGH PEW.15

ASK ALL:

PEW.8 On which of these activities does the U.S. government currently spend the most money? Is it …
[READ AND RANDOMIZE]?

TRENDS FOR COMPARISON:

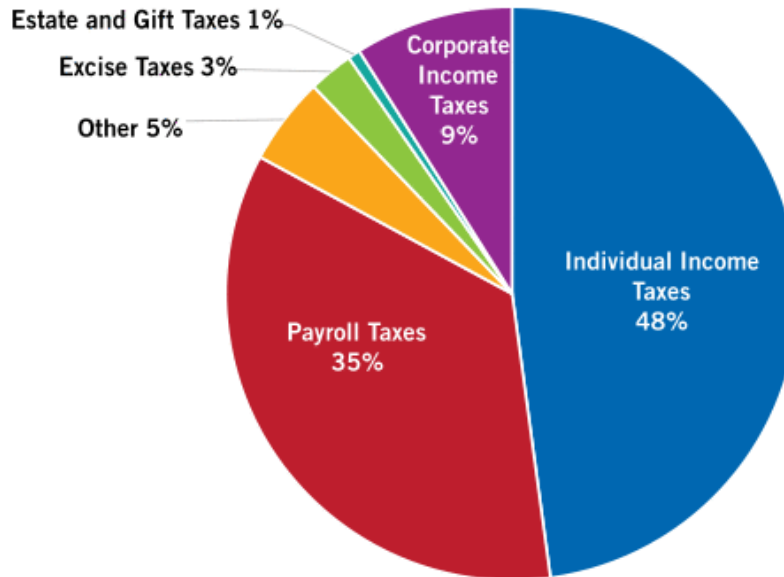| Sep 25-28 2014		Mar 17-20 2011		Nov 11-14 2010	
20	Social Security *(Correct)*	29	Medicare *(Correct)*	39	National defense *(Correct)*
4	Transportation	7	Education	4	Education
33	Foreign aid	7	Scientific research	15	Medicare
26	Interest on the national debt	36	Interest on nat'l debt	23	Interest on nat'l debt
18	DK/Refused **(VOL.)**	22	DK/Refused **(VOL.)**	19	DK/Refused **(VOL.)**

Key terms

- **Deficit** – Borrowing to cover between spending and revenues in one year (~$1 trillion in 2018)

- **Debt** – Total borrowing (~$21 trillion)

- **Discretionary** spending (appropriations)

- **Mandatory** spending
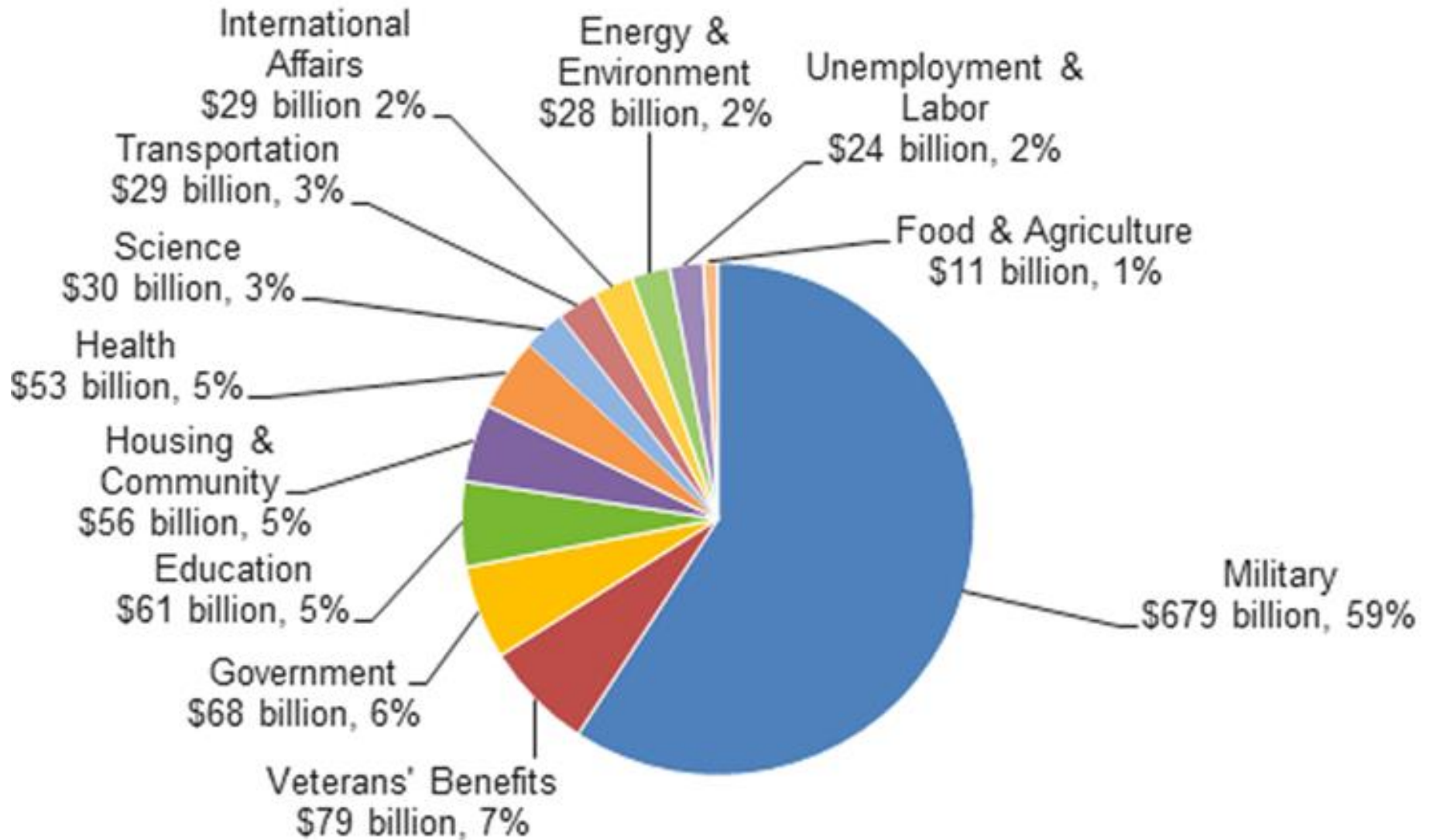 - 'Entitlement' programs
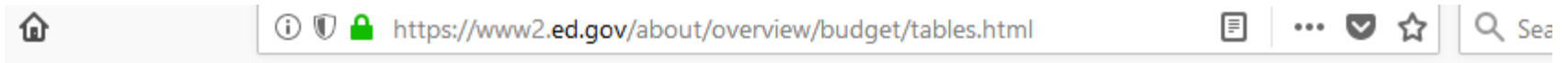 - Interest on the debt

2016 Total Outlays: $3,853 billion

Net Interest

Defense

Income Security

Nondefense Discretionary

Major Health Programs

Social Security

Mandatory

- Social Security
- Major Healthcare Programs
- Income Security
- Federal Civilian and Military Retirement
- Other Mandatory
- Net Interest
- National Defense
- Physical Resources
- Education, Training, Employment
- Veterans Benefits and Services
- Income Security
- Health
- International Affairs
- Administration of Justice
- General Science
- General Government
- Medicare Administrative Costs
- Social Security Administrative Costs

$3,316 Billion

Estate and Gift Taxes 1%

Excise Taxes 3%

Other 5%

Corporate Income Taxes 9%

Individual Income Taxes 48%

Payroll Taxes 35%

Discretionary Budget Breakdown (35%)
(Trump budget request for 2018)

International Affairs $29 billion 2%
Transportation $29 billion, 3%
Science $30 billion, 3%
Health $53 billion, 5%
Housing & Community $56 billion, 5%
Education $61 billion, 5%
Government $68 billion, 6%
Veterans' Benefits $79 billion, 7%
Energy & Environment $28 billion, 2%
Unemployment & Labor $24 billion, 2%
Food & Agriculture $11 billion, 1%
Military $679 billion, 59%

For more detail, search for "Department of X Budget" (usually in thousands of dollars)

https://www2.ed.gov/about/overview/budget/tables.html

Student Loans   **Grants**   **Laws**

ABOUT ED / OVERVIEW

Department of Education Budget Tables

The following tables are available illustrating key aspects of the Department of Education Budget:

- **FY 2019 President's Budget Request** (last updated 02/12/2018), in PDF [165KB] and MS Excel [623KB]. On February 12, 2018, President Trump released his Fiscal Year 2019 Budget. See what is requested for the programs and activities of the Department of Education.

- **FY 2018 Congressional Action** (last updated 03/27/2018), in PDF [161KB] and MS Excel [2.05MB] On March 23, 2018, the President signed into law the Department of Education Appropriations Act, 2018 (Public Law 115-141) which provides funding for the Department of Education through September 30, 2018..

   FY 2018 President's Budget Request (last updated 05/23/2017), in PDF [165KB] and MS Excel [623KB]. On May 23, 2017, President Trump released his Fiscal Year 2018 Budget. See what is requested for the programs and activities of the Department of Education.

The Budget Baseline: National Income (real GDP)
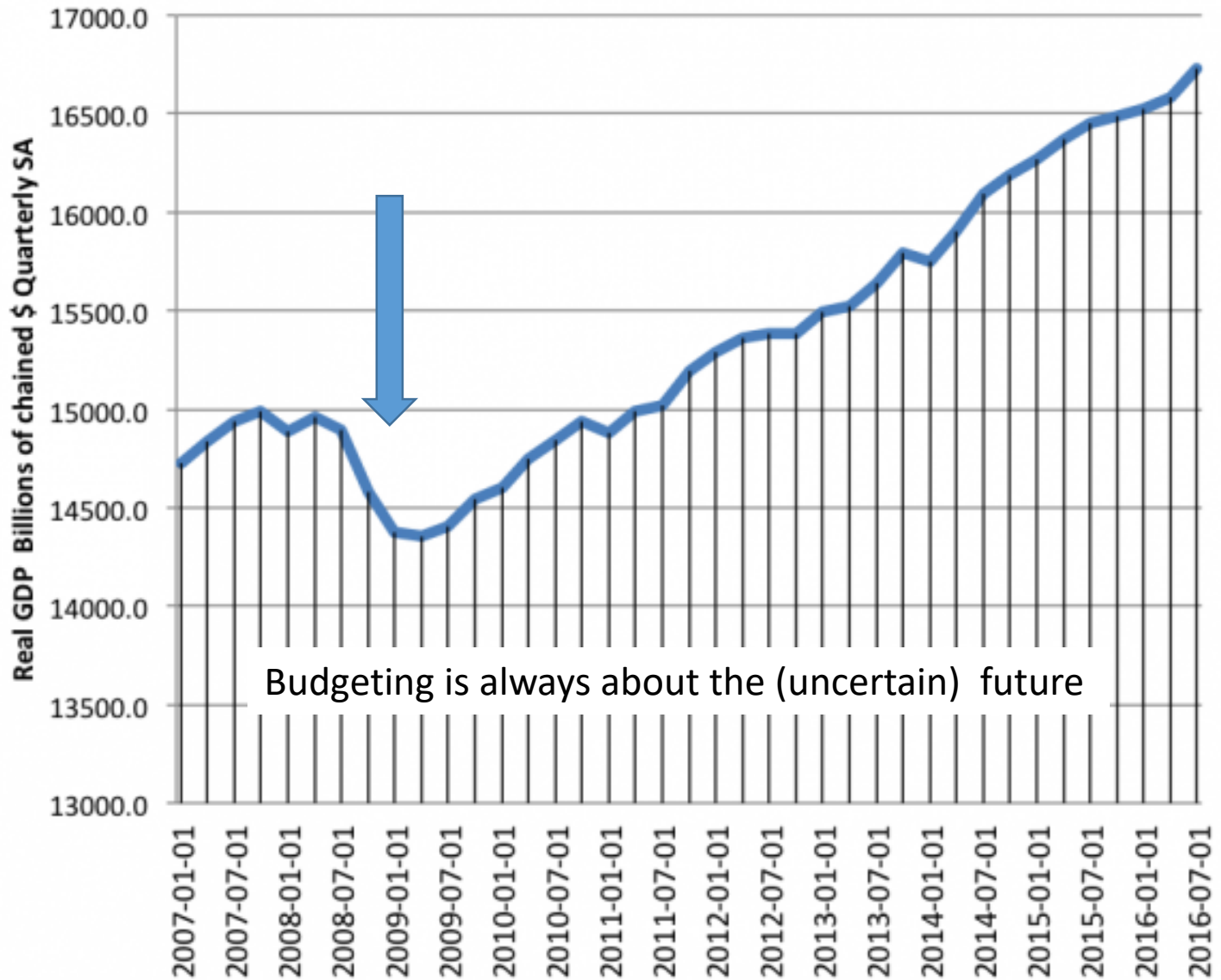
Budgeting is always about the (uncertain) future

www.economicshelp.org | Source: St Louis Fe GDPC1

Real and Projected Deficits as % of GDP (1968-)

Total Deficits or Surpluses

Percentage of Gross Domestic Product
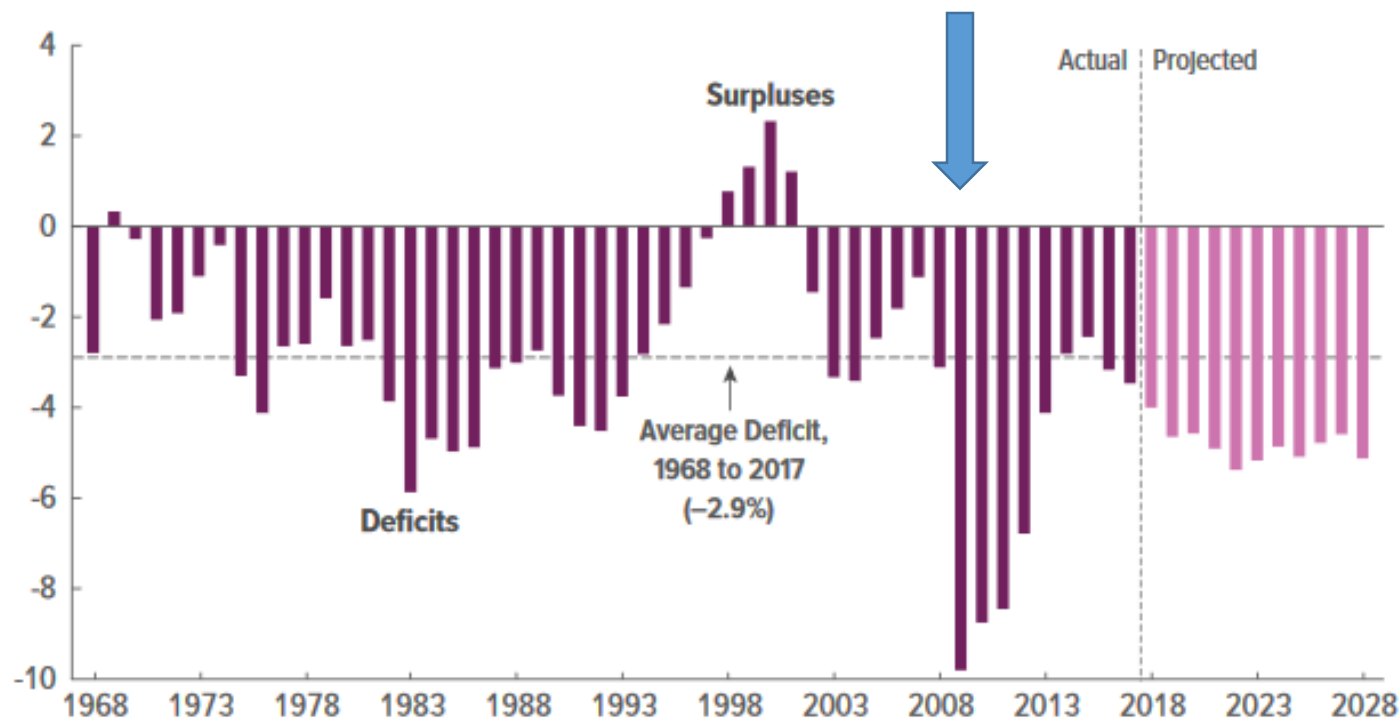
Deficits as a percentage of gross domestic product are projected to increase over the next few years and then largely stabilize. They exceed their 50-year average throughout the 2018–2028 period.
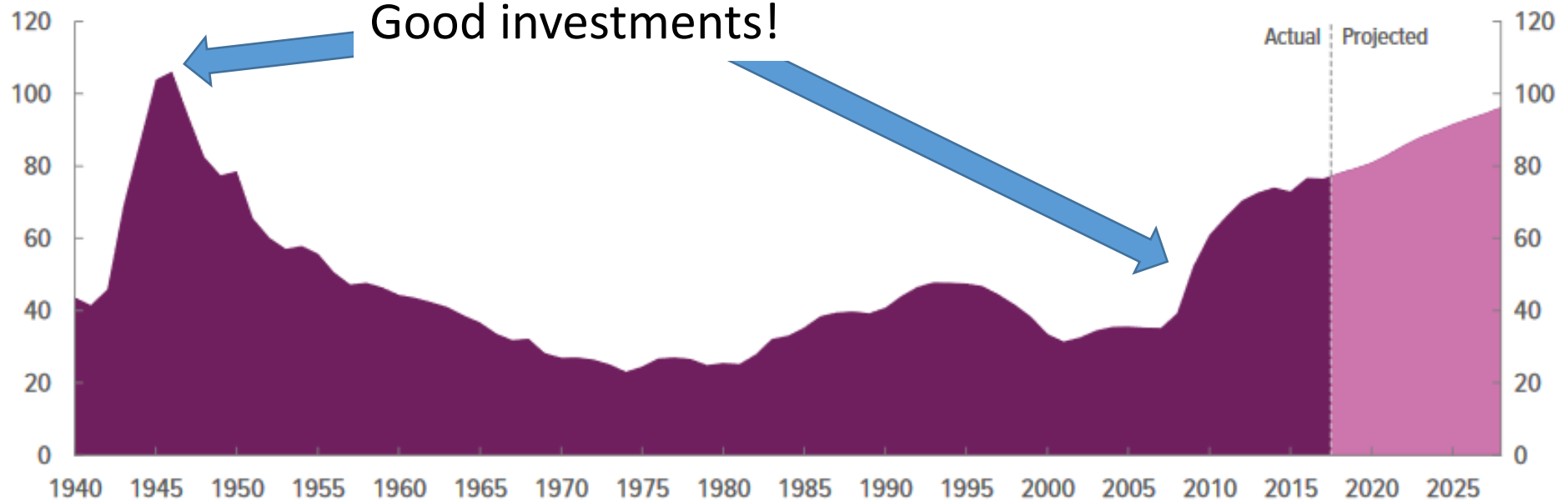
Are deficits a bad thing?

Does return on investment exceed borrowing costs?

Total borrowing (1940-)

Federal Debt Held by the Public

Percentage of Gross Domestic Product

Good investments!

Actual | Projected

Source: Congressional Budget Office.

Mandatory spending and interest are the main sources of rising debt (1968-)

Outlays, by Category

Percentage of Gross Domestic Product

Actual | Projected

Mandatory

Discretionary

Net Interest
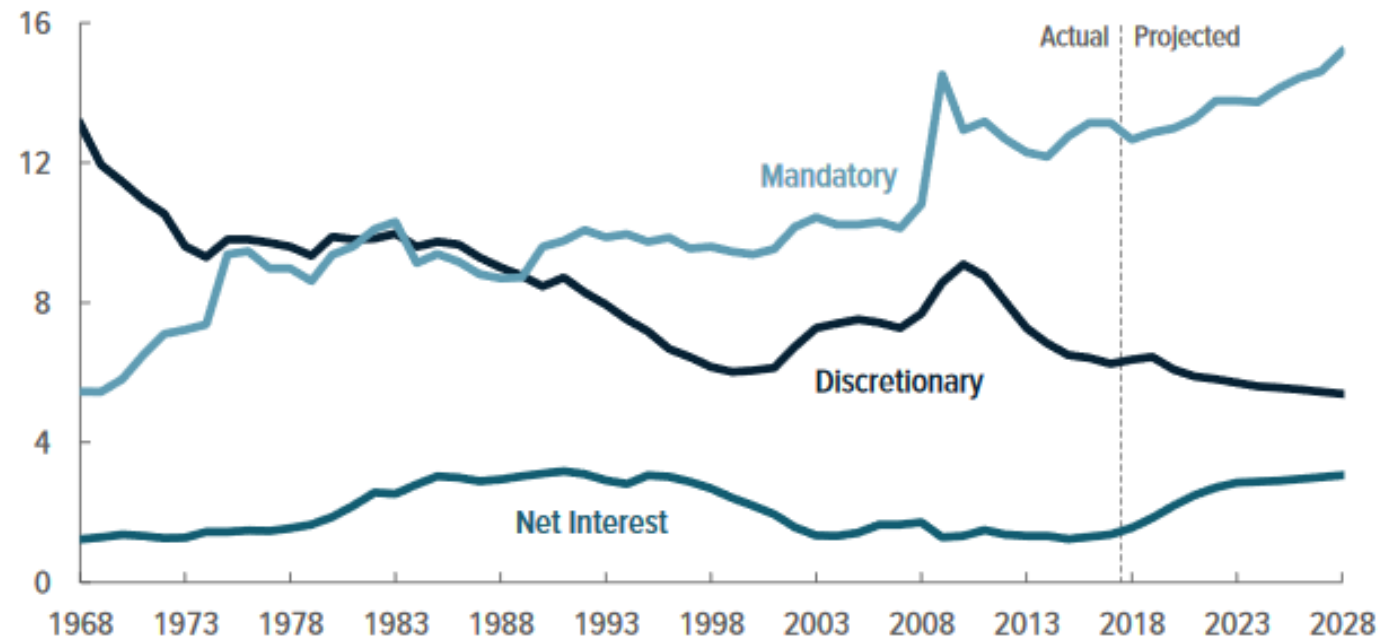
Under current law, rising spending for Social Security and Medicare would boost mandatory outlays.

Total discretionary spending is projected to fall as a share of gross domestic product as outlays grow modestly in nominal terms.

At the same time, growing debt and higher interest rates are projected to push up net interest costs.
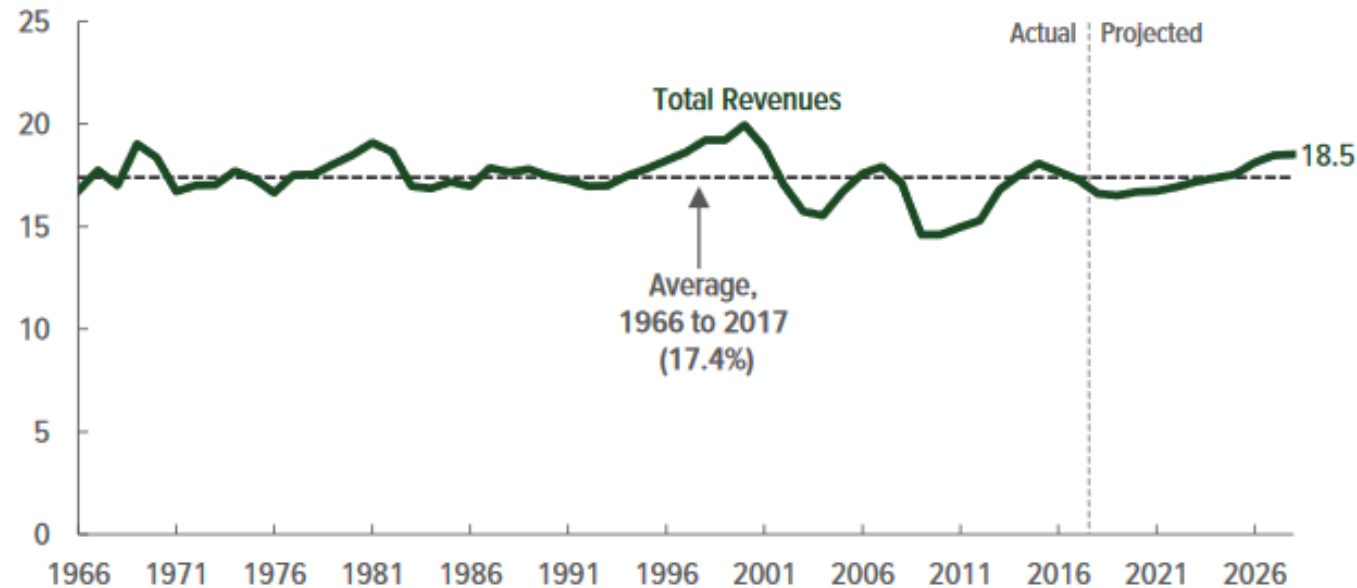
Source: Congressional Budget Office, using data from the Office of Management and Budget.

Revenues have held steady (1966-)

Figure 3-1.

Total Revenues

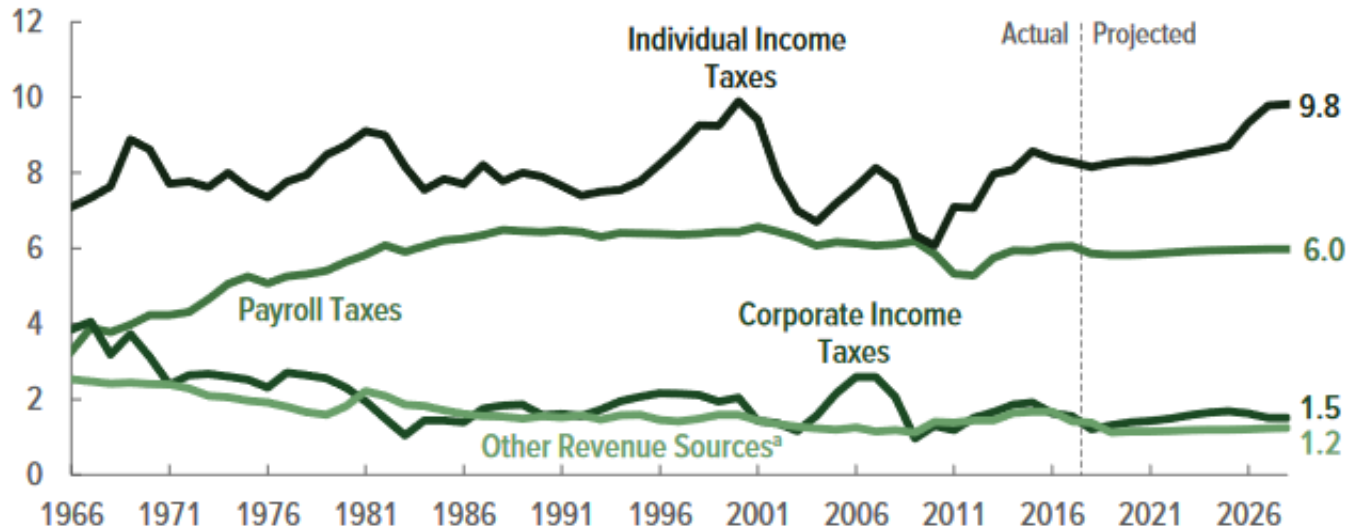Percentage of Gross Domestic Product

Under current law, total revenues are projected to rise as a share of GDP over the next decade, largely because of increases in individual income taxes.

Revenue sources have changed though (1966-)

Revenues, by Major Source

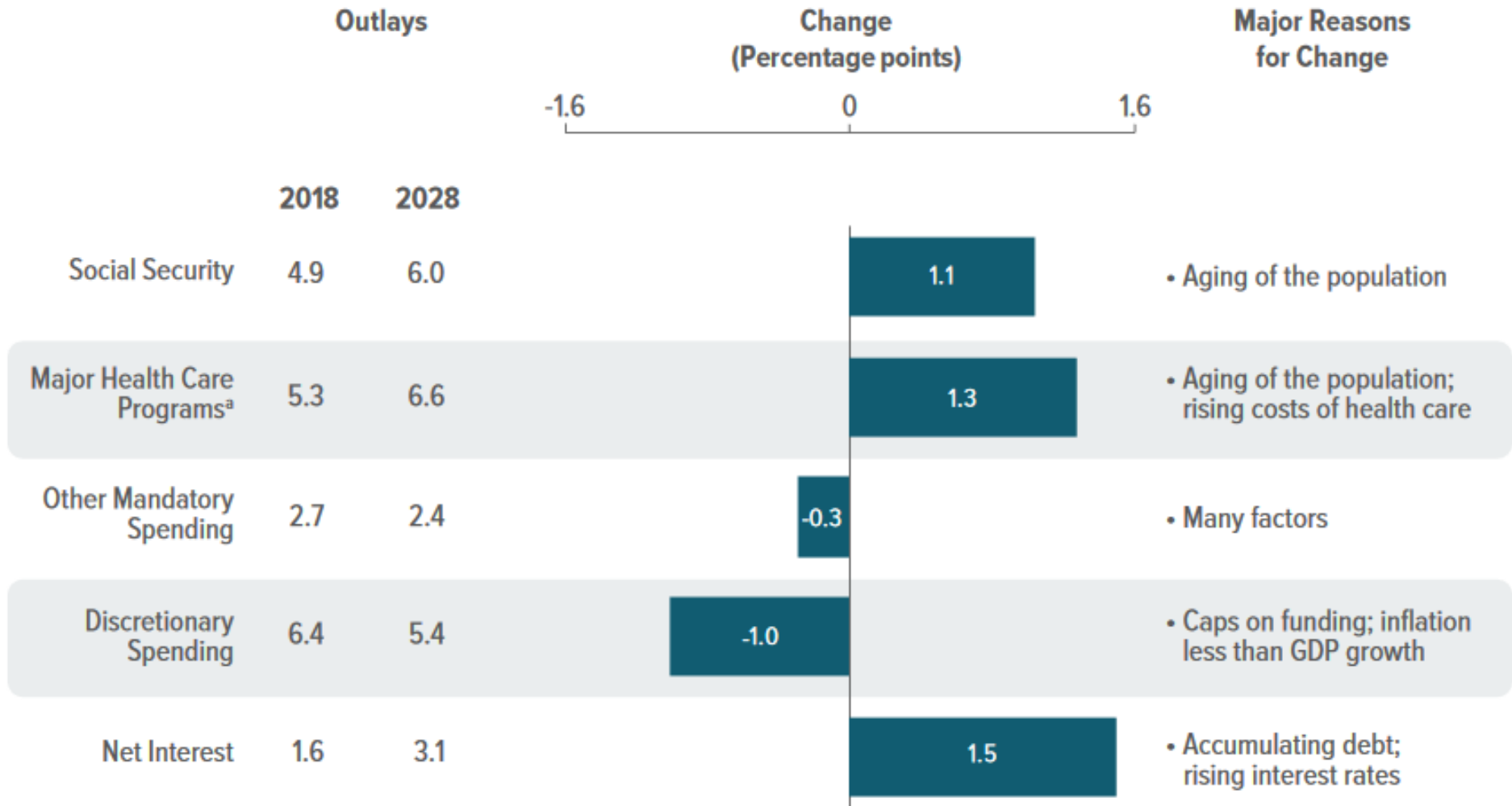Percentage of Gross Domestic Product

Individual income taxes account for nearly all of the projected growth in receipts over the next decade. Those receipts rise sharply following the expiration of temporary tax provisions at the end of 2025 and also rise steadily throughout the decade because of other factors.

It adds up...
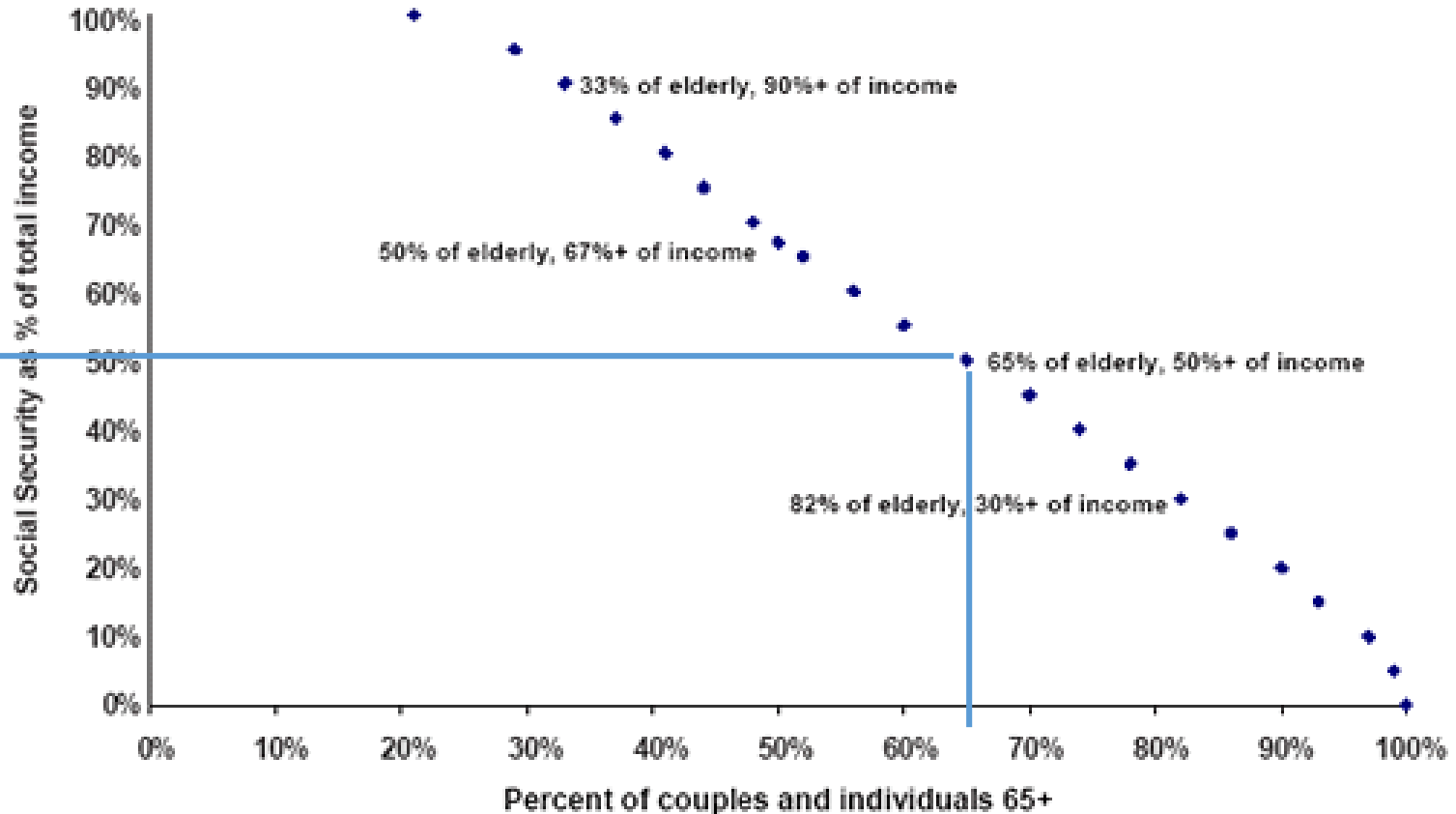
Major Changes in Projected Outlays From 2018 to 2028

Percentage of Gross Domestic Product

	Outlays		Change (Percentage points)	Major Reasons for Change
	2018	**2028**		
Social Security	4.9	6.0	1.1	• Aging of the population
Major Health Care Programs[a]	5.3	6.6	1.3	• Aging of the population; rising costs of health care
Other Mandatory Spending	2.7	2.4	-0.3	• Many factors
Discretionary Spending	6.4	5.4	-1.0	• Caps on funding; inflation less than GDP growth
Net Interest	1.6	3.1	1.5	• Accumulating debt; rising interest rates

Change axis: -1.6, 0, 1.6

- Before you start cutting entitlements….

Who depends on Social Security?

Reliance on Social Security income among couples and individuals age 65 and over

33% of elderly, 90%+ of income

50% of elderly, 67%+ of income

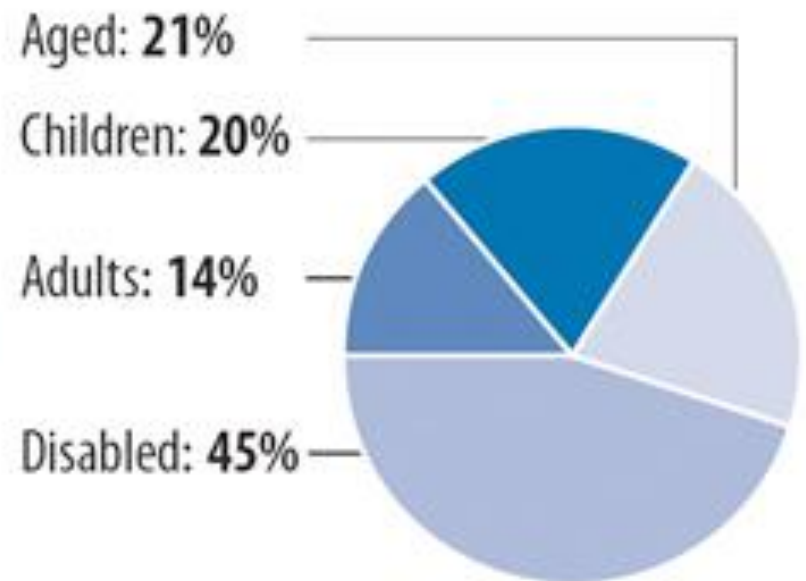65% of elderly, 50%+ of income

82% of elderly, 30%+ of income

Social Security as % of total income

Percent of couples and individuals 65+

Source: Authors' analysis of March Current Population Survey.

Who depends on Medicaid?

Medicaid Enrollment

Adults: **26%**

Aged: **9%**

Disabled: **16%**

Children: **49%**

Medicaid Spending

Aged: **21%**

Children: **20%**

Adults: **14%**

Disabled: **45%**
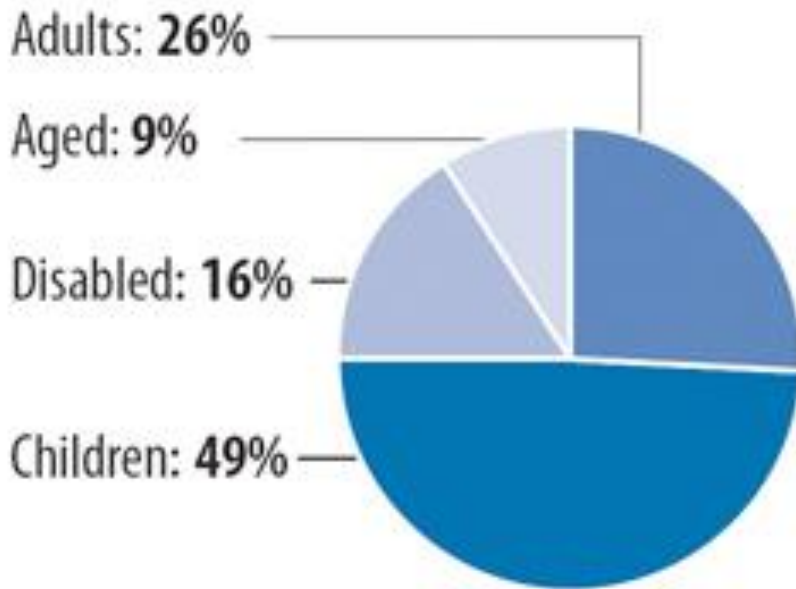
Source: Spending estimates for FY 2008 from CBO's March 2008 baseline

Bending the cost curve

~2% adjustment in reduced spending or increased revenues addresses the long term problem

The longer we wait, the larger the required cuts and the lower the revenues.

Growth and expenditure forecasts are also uncertain

Why isn't Congress acting?

Next time: Can Congress do the right thing?

- Answer: Congress wants to and has tried, but political incentives are against reducing the debt.

Politics of [blame avoidance](#)

- Deficit reduction is about short term pain for long term gain

- People remember losses more than gains

- Little electoral incentive to make necessary cuts or tax increases

- Yes, Congress has managed to reduce the deficit – how?

Congress

Long history of efforts to promote fiscal responsibility

- Conservative Appropriations chairs
- Creation of budget committees and CBO (mid-1970s)
- Sequester (early 1980s)
- OBRA: Multi-year budgeting and Improved sequester (1980s)

Real and Projected Deficits as % of GDP (1968-)

Total Deficits or Surpluses

Percentage of Gross Domestic Product

Introduction of OBRA
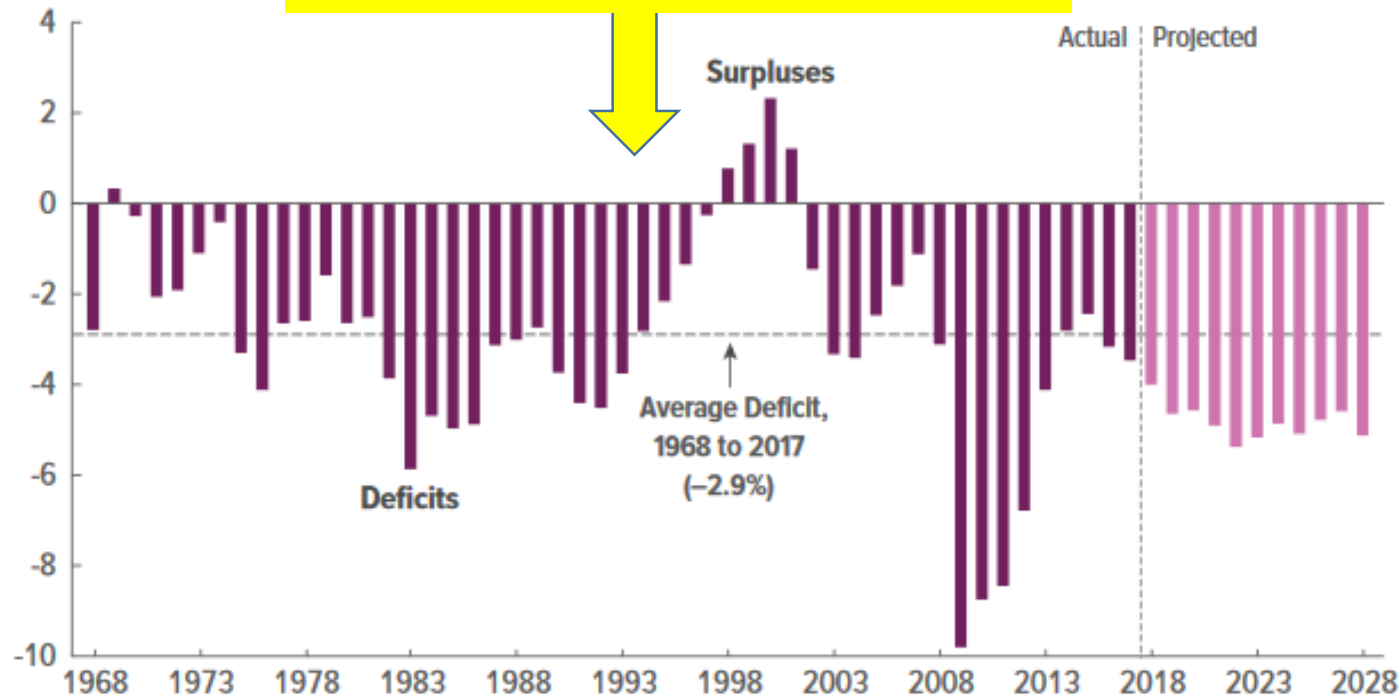
Deficits as a percentage of gross domestic product are projected to increase over the next few years and then largely stabilize. They exceed their 50-year average throughout the 2018–2028 period.

Still hard to say no…

- Smoke and mirrors

- Rosy economic forecasts

- Just don't do it!

Official budget process today

- January: President submits budget request
  - No balanced budget requirement

- House and Senate agree on budget resolution setting broad programmatic spending targets

- House and Senate Appropriations Committees propose specific program spending

- Before Oct. 1: Congress and President then pass reconciliation bills that align House and Senate spending amounts.
  - Cannot be filibustered
  - Cannot exceed Budget Resolution (Byrd Rule)
- Sequester

Fallback budget process (common)

- Congress and President fail to reconcile differences. To avoid a government shutdown….

- Agree to fund programs at previous year levels via 'Continuing' Appropriations bills

Forecasting the 2018 midterms

- Senate is probably not in play – 2/3rds of 1/3 of seats up for election are held by Democrats

- House is in play – President's party can expect midterm losses, but will it lose majority control?
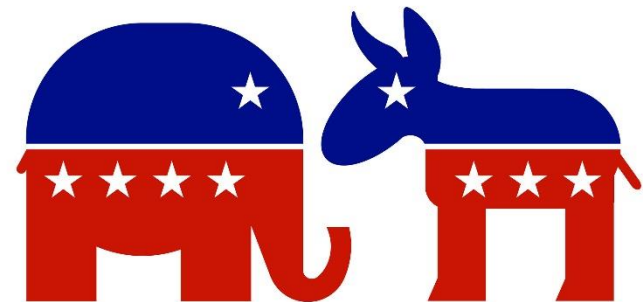
Forecasting the 2018 midterms

1. Generic ballot – works well but no theory
    "If the election were held today…."

2. Statistical prediction – theoretical fundamentals
    Referendum on President, Majority party exposure,
    State of the economy

3. Experts – specific contextual information
    Open seat races; challenger quality
    Challenger quality (Year of the woman?)
    Local issues (scandal)
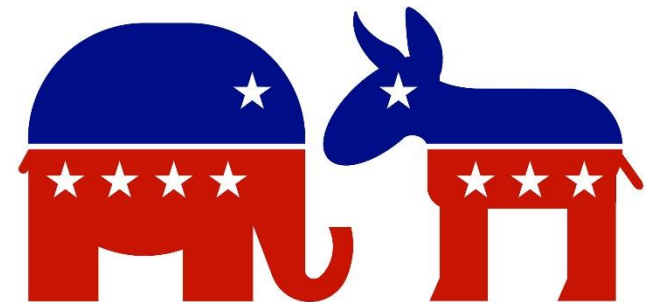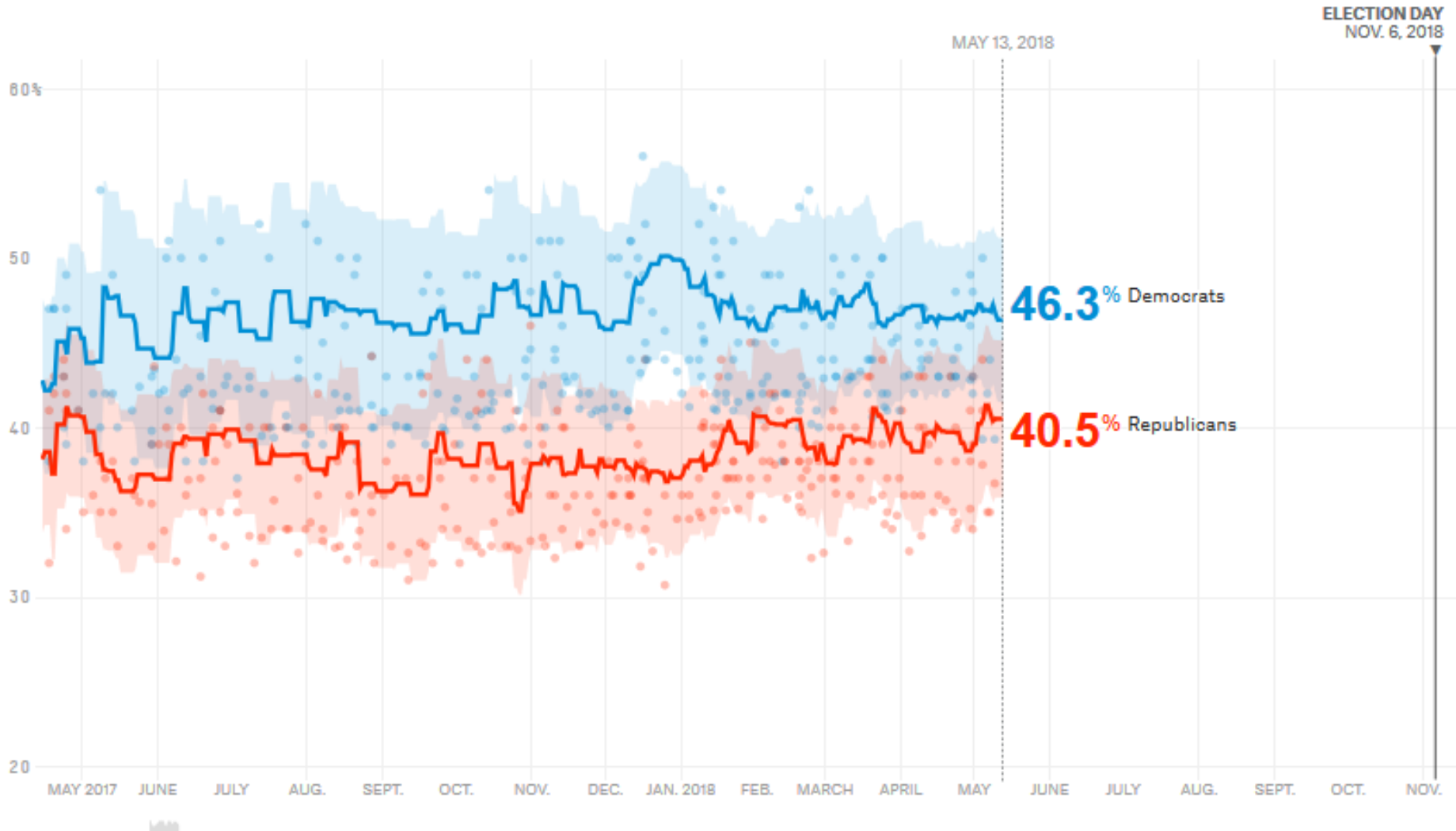
Final generic ballot results are very predictive

Democratic U.S. House midterm vote margin vs. lead on final generic ballot polls, since 1946
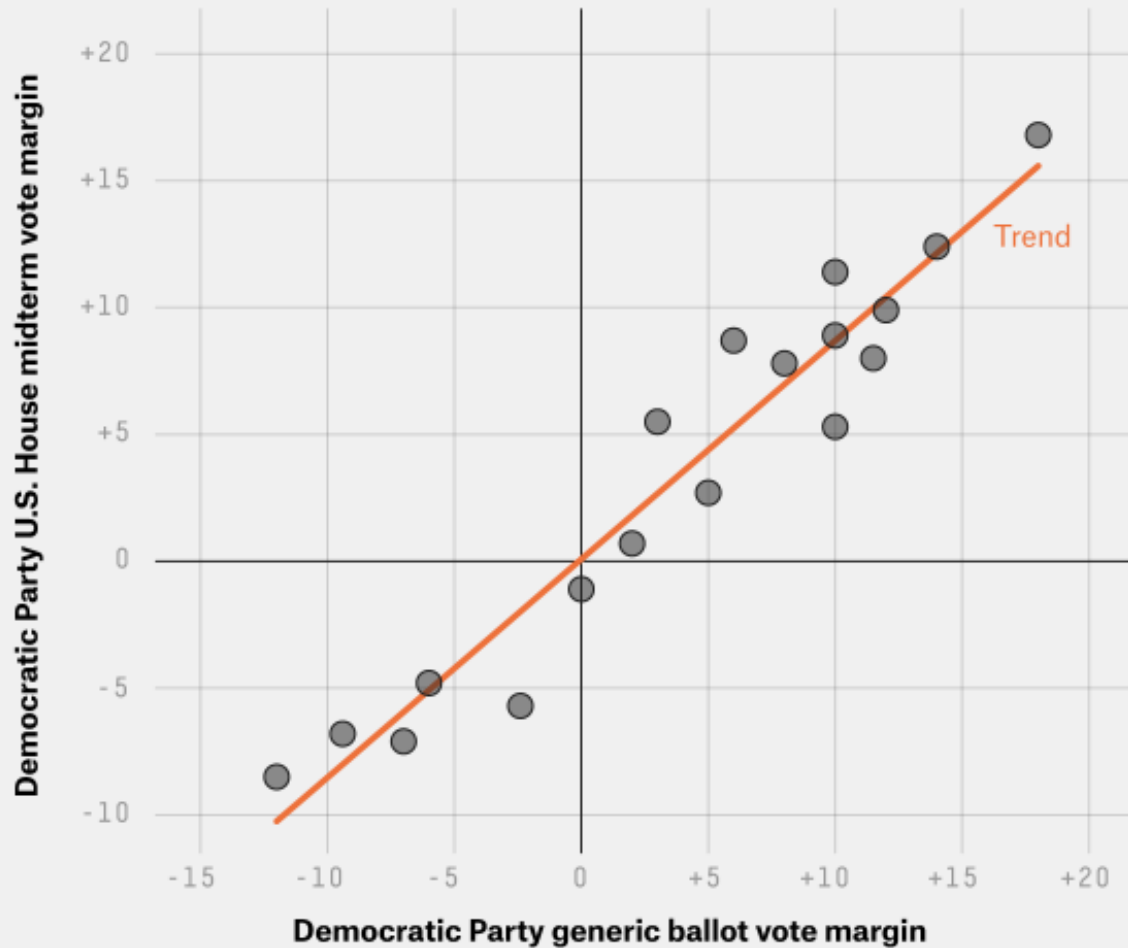
Generic ballot margin is based on Gallup's final poll for midterm elections from 1946 to 2002 and the RealClearPolitics average from 2006 to 2014.

Are Republicans Winning The Race For Congress?

An updating estimate of the generic ballot, based on polls that ask people which party they would support in a congressional election.

ELECTION DAY
NOV. 6, 2018

MAY 13, 2018

46.3% Democrats

40.5% Republicans

Early generic ballot results are pretty predictive

President's party's House midterm vote margin vs. average lead on generic ballot 18-24 months before midterms, since 1942

WH party House midterm vote margin (y-axis)

White House party generic ballot vote margin (x-axis)

Oops

Oops

Trend
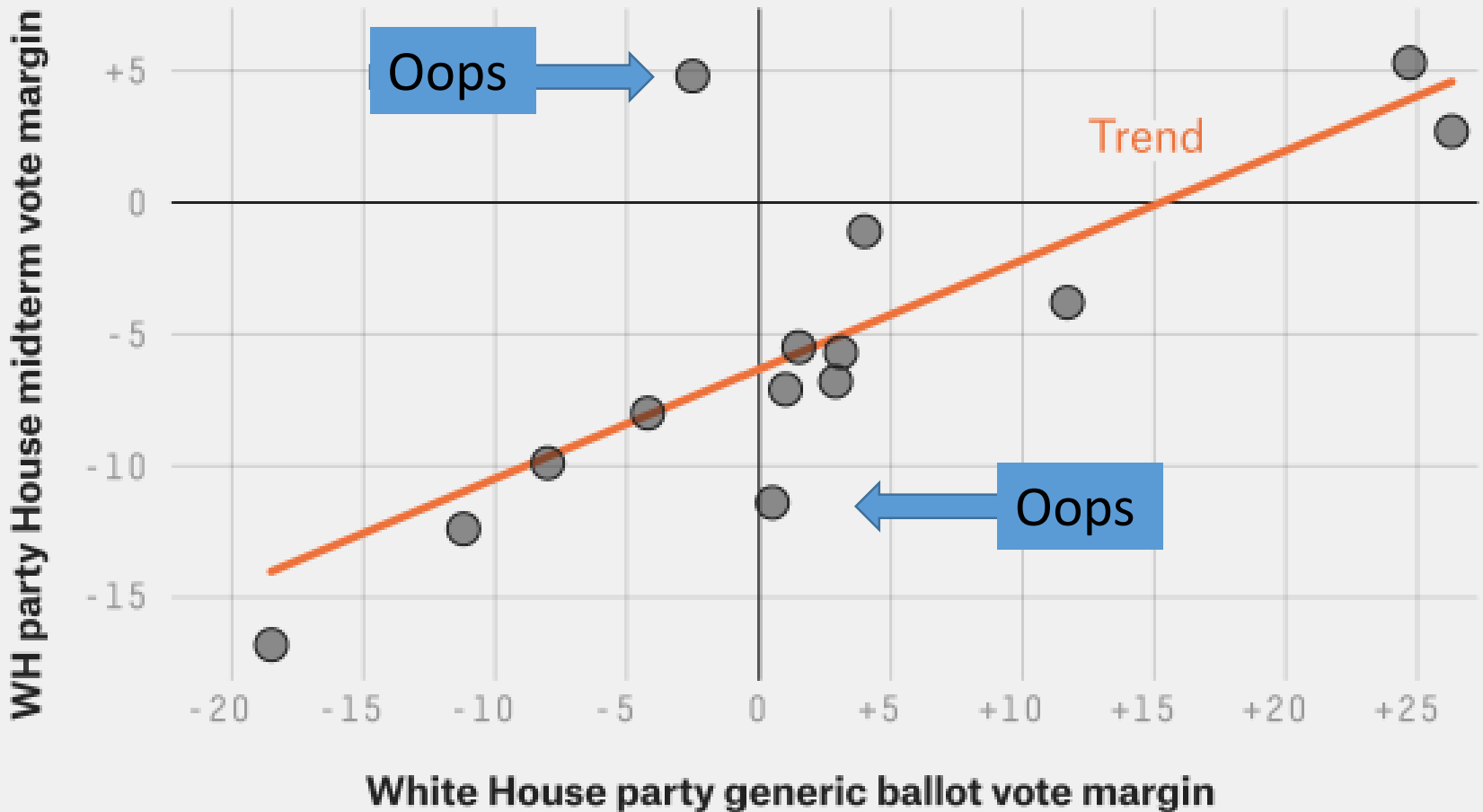
Ray Fair Statistical Model

- Goal: Model Democratic 2 party vote share in past midterm elections. Use model to predict to 2018

- Variables
  - Democrats' House vote share 2016 (exposure)
  - Democrat presidential vote share 2016 (exposure)
  - Democratic President? (referendum)
  - War?
  - State of the Economy?
    - Annual GDP growth
    - Change in Inflation rate
    - Good news (months of GDP growth > 3.2%)

Fair Presidential Election Model, 1916-2008
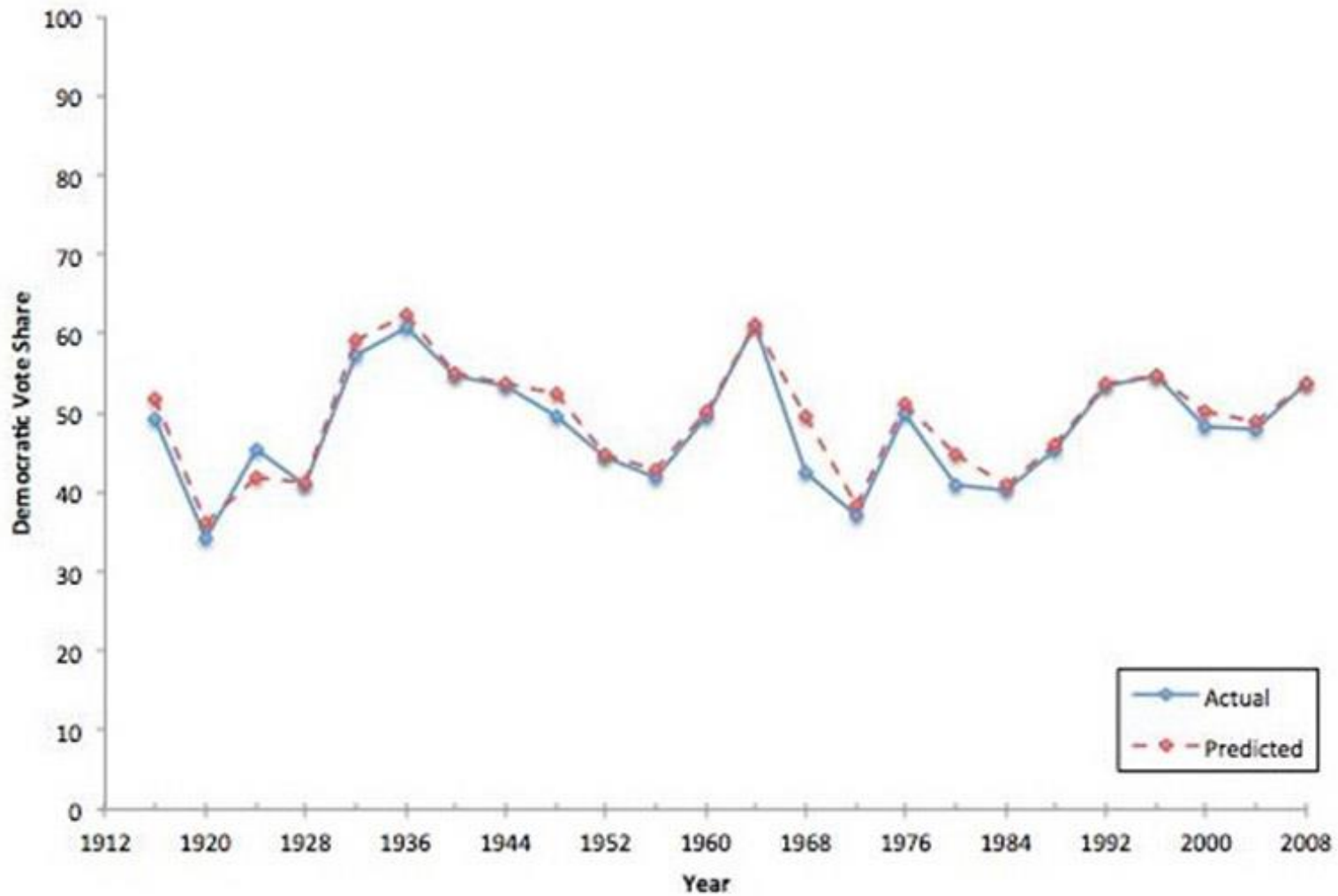
How about 2018?

The equation to predict the 2018 House election is

VOTECC = 51.09 + .429*INFLATIONCC - .602*(15/7)*GOODNEWSCC

Value to be computed:

? Democratic share of the two-party House vote in 2018 (VOTECC)

Your input values:

2.0   growth rate of the GDP deflator in the first 7 quarters of the Trump administration, 2017:1-2018:3 (annual rate) (INFLATIONCC)

0   number of quarters in the first 7 quarters of the Trump administration in which the growth rate of real per capita GDP is greater than 3.2 percent at an annual rate (GOODNEWSCC)

Submit   Reset

SABATO'S CRYSTAL BALL

2018 HOUSE

read recent stories on the race for the House, click here.

use ratings

st updated May 9, 2018

Republicans		
TOSS-UP	**LEANS REPUBLICAN**	**LIKELY R**
J. Denham (CA-10)	Mimi Walters (CA-45)	French Hi
S. Knight (CA-25)	Karen Handel (GA-6)	D. Schwei
D. Rohrabacher (CA-48)	David Young (IA-3)	T. McClin
CA-39 Open (Royce)	Peter Roskam (IL-6)	Devin Nu
M. Coffman (CO-6)	Kevin Yoder (KS-3)	D. Valada
C. Curbelo (FL-26)	Andy Barr (KY-6)	Scott Tipt

A Surge of Women Candidates, but Crowded Primaries and Tough Races Await

By KATE ZERNIKE and DENISE LU   MAY 12, 2018

These are the 476 female House candidates this year.

Republican Midterm Mastermind Tells All!

By Frank Bruni and Corry Bliss

Mr. Bruni is a Times Op-Ed columnist. Mr. Bliss is the head of a super PAC that raises money for, and directs it to, high-priority House races nationwide.
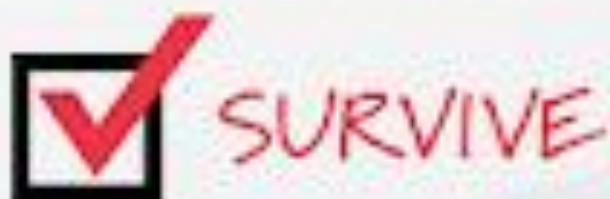
May 9, 2018

Turnout?

Friday

- Bring <u>TWO</u> pieces of propaganda (own reelection; opposition research)

- Email audio or video (or link) to jwilker@uw.edu no later than 10am Friday
  - 30 second maximum

- Hard hitting ads are fine. Offensive ads are not.

- Also voting on whether to reelect majority leader

2018
LEGISLATIVE SESSION

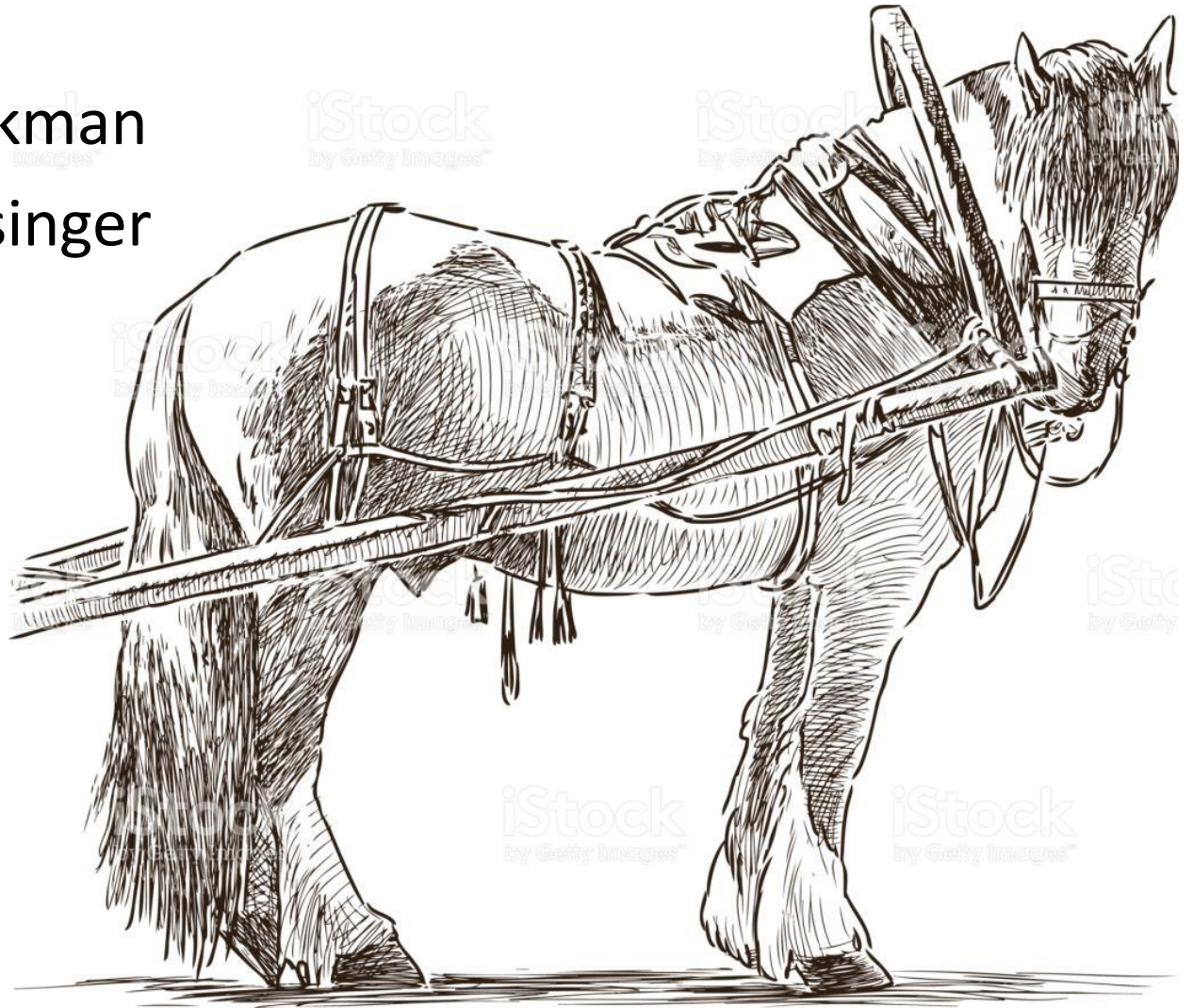✓ SURVIVE

THANKS

THANKS

John McCain Golden Pen Award

- Senator Soneda
- Senator Totten

Patty Murray Workhorse Award

- Senator Hickman
- Senator Kissinger

Susan M. Collins Award

- Senator Augsberger

Most Valuable CONTRIBUTION

Political Science Advising office: Smith 215