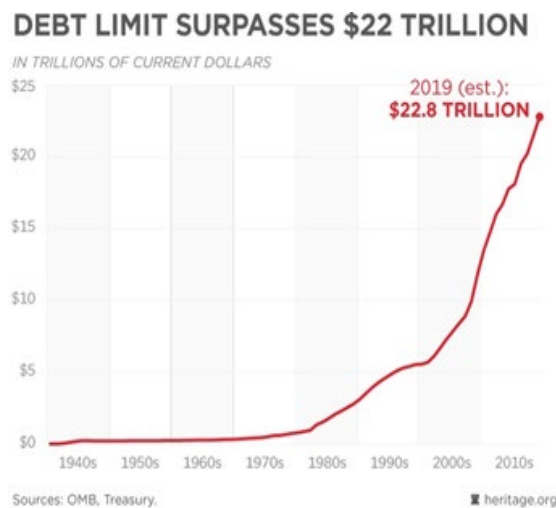


The White House and Congress have had difficulty agreeing on anything since 2016, but last week managed to find agreement on one issue: the debt ceiling. Legislation was passed to eliminate any discussion of debt levels for two years and removes any discussion of debt default for the next political cycle. With deficits currently forecasted at \$1 trillion per year for the next two years, the national debt will increase by approximately 10%. This will mean a short-term reprieve from words like austerity and sequestration from the lexicon in Washington DC. The biggest irony of the legislation that balloons federal spending is who opposed the bill. The Freedom Caucus (Republican) and Progressives (Democrat), who agree on virtually nothing, both opposed the bill for obviously different reasons.



- The measure passed in the House by a vote of 284-149, but the party breakdown was interesting with Democrats voting 219-16 in favor and Republicans opposed the budget by a margin of 132-65, even though Trump supported.
- Military spending is scheduled to increase from the current level of \$716 billion to \$740 billion over the two year period, while government non-defense spending increases from \$605 billion to \$635 billion.
- There was an attempt to demonstrate some fiscal responsibility with \$77 billion in cuts or revenue enhancements, but that pales to the projected \$320 billion in new spending that will occur over the two years.