

January 31, 2017

The Fiscal Month in Review: Healthcare, Taxes, and Debt



When Donald Trump was inaugurated on January 20, he entered office with the highest debt-to-GDP ratio of any incoming president since Harry Truman.

A few days after his inauguration, the nonpartisan Congressional Budget Office released new projections indicating that deficits will reach \$1 trillion by 2023 and total \$9.4 trillion over the next ten years. In 2027, the national debt will reach 89 percent of GDP, more than double the 50-year historical average, according to the report.

As debt rises, interest costs are projected to more than double over the next decade, threatening to crowd important investments in our economic future.

More immediately, House and Senate leaders have identified healthcare reform as a top priority. As lawmakers consider whether and how to repeal and replace the Affordable Care Act, one legislative tool they may use is called reconciliation, a procedure originally created to expedite the passage of tax and spending legislation, but which has been utilized differently in recent years.

Republicans have indicated that tax reform is next on their agenda, but lawmakers differ on proposed border adjustments and whether tax cuts need to be revenue neutral.

U.S. economic growth remains steady but sluggish, expanding 1.9 percent in the fourth quarter.

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