



For the last several years, our government has been stuck.

Recurring arguments about the Affordable Care Act, immigration policy, executive power, and national security have worn deep grooves into our political conversations. These largely tribal and tedious debates offer little opportunity to reconcile, let alone engage about real differences. Happily, there were some exceptions to this squandering of democracy. In the last Congress, the Bipartisan Policy Center is proud to have contributed to legislation that improved the development of life-saving medical treatments, removed arbitrary barriers to exporting oil, modernized the law

44 As our new government enters the arena, predictable, doctrinal gridlock has been replaced by sprawling uncertainty. \*\*\*

regulating toxic chemicals, strengthened Medicare, and extended the Children's Health Insurance Program. But, on the whole, our government failed too often and achieved too little. As our new government enters the arena, predictable, doctrinal gridlock has been replaced by sprawling uncertainty. President Trump is unencumbered by political debts, rigid ideology, or detailed policy positions. The president has also managed to transcend the unduly





#### **About the Bipartisan Policy Center**

2017 marks the Bipartisan Policy Center's 10th anniversary. For a decade, BPC has worked to find actionable solutions to America's major policy challenges.

#### Celebrating ten years of productive partisanship.

The Bipartisan Policy Center is a non-profit organization that combines the best ideas from both parties to promote health, security, and opportunity for all Americans. BPC drives principled and politically viable policy solutions through the power of rigorous analysis, painstaking negotiation, and aggressive advocacy.

limiting idea that changing one's mind is a sign of weakness. To some, the president's autonomy and disinterest in political traditions is unsettling. To others, President Trump's authenticity and rejection of "the rules" resonates with their anger and dissatisfaction with a system that is not meeting their needs. BPC and BPC Action are leaning in, seizing opportunities to influence debates on infrastructure, tax reform, immigration policy, energy innovation, and access to health care.

Whether seeking to seize opportunities or minimize risks, the solution is providing good ideas supported by rigorous analysis and a political strategy that addresses the concerns and imperatives of both parties. The pages that follow lay out a variety of these proposals. The ideas are organized to engage the four dynamics we believe will shape our society for the foreseeable future:

- 1. Expanding Economic Opportunity
- 2. Building the 21st Century Foreign Policy Toolbox
- 3. Improving Lives Through Innovation
- 4. Restoring Trust in Government

We don't profess to offer recommendations to address every issue, nor do we claim that if all of these recommendations were implemented that our nation's problems would be solved. But we do believe these proposals offer a near-term roadmap for demonstrating that partisanship does not have to equal paralysis, and that progress is possible in a number of areas that have a meaningful impact on people's lives.

Jason Grumet

President, Bipartisan Policy Center



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**BPC Magazine Staff** 

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**Editor-at-Large** — Robert Traynham

**Editor** – Rachael Gresson

Contributors — Shai Akabas, Julie Anderson, Theresa Cardinal Brown, John C. Fortier, Jon K. Gossett, Jason Grumet, Katherine Hayes, G. William Hoagland, Lisel Loy, Janet Marchibroda, Blaise Misztal, Elena Muehlenbeck, Michele Nellenbach, Anand Parekh, Justin Schardin, Michele Stockwell, and Tracy Terry.

Improve Relations Between Congress and the White House

Additional Support From — Cal Harris, Joy Hicklin, Michael Stubel, Ashley Swearingen, and Tabassum Zakaria.

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For more information please email: magazine@bipartisanpolicy.org





s in every presidential election of the modern era, the U.S. economy was at the top of Americans' concerns during last year's campaign season. Our nation has clearly come a long way since the depths of the Great Recession eight years ago. But despite a low unemployment rate and a stock market that has reached new heights, economic insecurity and uncertainty still fuel passion on both sides of the political divide. From millennials worried about crushing college debt, to factory workers facing a dramatically altered job market, to families who worry that they can no longer afford a mortgage, let alone save for retirement, millions of Americans are losing faith in the ideals of merit-based mobility that define our nation's unique economic history. The idea that our system is "rigged" transcends partisan divisions.

## \*\* The idea that our system is 'rigged' transcends partisan divisions. \*\*

Re-energizing the American economy must be the common goal of our president and Congress. Lawmakers on both sides of the aisle must understand that Americans need new tools to build financial security from youth to old age. U.S. businesses need an updated tax structure that will allow them to create high quality jobs and compete more effectively in the globalized economy. We must broadly evaluate and modernize policies developed for a pre-digital economy. Most challenging, all of these essential efforts must be pursued against the backdrop of a U.S. economy burdened by rising and unsustainable debt.

- 1. Support Entrepreneurship
- 2. Increase Economic Growth and Competitiveness
- 3. Financial Security From College to Retirement

Former Treasury Assistant Secretary and Co-Chair of BPC's Financial Regulatory Reform Initiative Phillip L. Swagel.

## Support ENTREPRENEURSHIP

The financial crisis of 2009 was a shock to the global economy that few saw coming. *Many Americans lost their jobs, homes, and retirement savings*. Not surprisingly, the impacts of the crisis fell hardest on middle- and lower-income Americans. Unfortunately, one of the principal responses—the Dodd-Frank Act—is also having a disproportionate impact on the working class. Six years after enactment of this sweeping law, it is necessary to explore opportunities that maintain the fundamental stability of our financial markets while encouraging economic growth and entrepreneurial opportunity.

• Responsibly expand access to safe, affordable credit for consumers and entrepreneurs.

In the wake of the financial crisis, the national homeownership rate has dropped significantly. While there are a number of reasons for this development, regulatory policies have contributed to a substantial tightening of mortgage underwriting standards. Credit score requirements remain very high by historical standards and only the most pristine mortgages are being originated. The administration should ensure that its regulatory review includes assessing whether existing rules are creating unnecessary barriers to responsible mortgage lending. The administration should also support the ongoing development of new tools to more accurately assess the creditworthiness of mortgage borrowers.

- Establish a formal ongoing process to regularly assess effectiveness of the financial regulatory system. The president and Congress should develop a formal public process to assess whether the financial regulatory system appropriately balances financial stability, economic growth, and the needs of consumers, small businesses, and others who rely on financial services.
- Improve the portability of pensions by facilitating a Retirement Security Clearinghouse.
   With Americans changing jobs frequently, there needs to be
   an efficient way for workers to transfer their retirement sayings

an efficient way for workers to transfer their retirement savings to a new employer's plan. The Department of Labor should facilitate agreement among stakeholders on a solution that could benefit the millions of savers with orphaned accounts from previous employers.

#### Policy Priority:

# Increase Economic Growth & COMPETITIVENESS

While much election coverage focused on the divisiveness and polarization of the 2016 campaign, some of the most passionate voices on either side of the blue-red divide struck a surprising note of convergence on one key point: *The globalized economy is not working for all Americans*. Addressing this anxiety requires more than nurturing entrepreneurship—it requires a tax structure that allows U.S. companies to compete globally without shipping jobs overseas; responsible fiscal policy; long-term investment in the "fundamentals" of the U.S. economy; and an immigration policy that ensures our nation has the workforce and talent it needs to sustain a vibrant, diversified economy for decades to come.



Former Representative and Co-Chair of BPC's Tax Initiative Earl Pomeroy.



(Left to right) Former Senator Kent Conrad and former Deputy Commissioner of the Social Security Administration James B. Lockhart III. Both are co-chairs of BPC's Commission on Retirement Security and Personal Savings.

- Reform business tax provisions. The United States
  needs a tax code that is globally competitive and conducive to
  economic growth. Policymakers should lower tax rates and simplify
  the system for large and small businesses alike without adding to
  our nation's growing debt.
- Better integrate a long-term perspective into the federal budget process. Congressional spending priorities are often short-sighted, with little attention given to the debt being placed on future generations. Among other changes, policymakers should insert long-term goals into the budget, which would help to keep policy on track and encourage more-sustainable outcomes.
- Do not "play chicken" with U.S. debt. In recent years,
  policymakers have taken the country to the brink of default.
  Congress must again address the U.S. debt ceiling. Ensuring the full faith and credit of the United States must be priority number one.

- Align our immigration system with our economic needs. Immigration to the United States has kept our economy strong as other developed societies—like Japan, Italy, Russia, and China—are facing a crisis due to declining populations. Immigration has also brought us many of the innovators who have driven our economy for more than two centuries. The United States needs to continue to view immigration as an avenue for
- \*\*The United States needs to continue to view immigration as an avenue for economic growth. \*\*\*

economic growth. The key to fixing illegal immigration is fixing legal immigration. Congress must create a system that strategically aligns employment-based immigrant visas with legitimate <a href="mailto:labor\_and-economic needs">labor\_and-economic needs</a>. These caps should be flexible and regularly updated to reflect the current state of the economy.



Director of Immigration Policy Theresa Cardinal Brown.

## Financial Security From

# COLLEGE TO RETIREMENT

Many Americans are hurting financially as they strive to achieve the American dream. The costs of college have skyrocketed, while individuals are now expected to shoulder much of the burden when planning for their own retirement. *Policy reforms have the capacity to dramatically improve the situation for millions* of households that have borrowed large sums to receive a higher education or that struggle to save for short-term needs or retirement.

- Make universities have more "skin in the game"
   so that fewer students end up saddled with debt and no degree.

   Federal aid eligibility should be tied to loan repayment rates and institutions should face financial repercussions if significant numbers of borrowers are unable to pay down their loans.
- Create Retirement Security Plans, which would allow small businesses with fewer than 500 employees to band together and offer their employees retirement plans like those available at big businesses. The pooled nature of these plans would reduce the burden on small employers while increasing access for millions of workers.
- Encourage employers to offer automatic
  enrollment into two accounts. When starting a new job,
  employees should be automatically enrolled in two different savings
  accounts unless they opt out: One account would be similar to a
  standard savings account, and the other would be a retirement
  savings plan.



BPC's work on retirement security and personal savings can be explored at: bipartisanpolicy.org/retirement-security.



he world is becoming increasingly turbulent and unpredictable, with simultaneous threats to U.S. security arriving from multiple directions. The re-emergence of great powers like Russia and China, the growing ambitions of rogue states like North Korea and Iran, the spread of non-state groups like ISIS,

44 There is a growing skepticism, reflected in the 2016 campaign, about the goals of America's foreign policy. \*\*

and the dissolution of established states all challenge core U.S. interests. There is a growing skepticism, reflected in the 2016 campaign, about the goals of American's foreign policy. Partisan and intraparty fissures represent not just squabbles about the means of U.S. foreign policy, but also larger strategic issues about the role of the United States in the world.

- 1. Build the Force for the Future
- 2. Reset Key Middle East Relations

## Build the Force for

## THE FUTURE

The foundation of our nation's strength and prosperity is the men and women who volunteer to serve both in and out of uniform. However, our military was designed to fight the wars of the past, not the evolving threats or conflicts that may arise in the future. We must build the future force by overhauling the military's archaic career paths.

- Replace the Budget Control Act with strategically
  driven, bipartisan, and predictable defense appropriations. Erratic
  continuing resolutions combined with the annual threat of a return
  to sequester-level funding threatens the interests of the nation and
  the safety of our soldiers.
- Reform current military recruiting and retention
  practices by creating new, more flexible career paths, to ensure
  that the military can appeal to those with the skills and talent
  needed to address emerging threats like cyberspace and irregular
  warfare.
- Align military service with the expectations of today's American families by re-examining long-standing practices like frequent relocations, one-size-fits-all career paths, and unpredictable extended family separations.



(Left to right) Director of National Security Blaise Misztal and former Assistant Secretary of Defense for International Security Affairs Derek Chollet.



(Left to right) Former Defense Secretary Leon Panetta and CEO of Blue Star Families Kathy Roth-Douquet. Both are co-chairs of BPC's Task Force on Defense Personnel.

(Left to right) Former National Security Council Senior Director Dr. Michael Doran and Foreign Affairs Correspondent at POLITICO Nahal Toosi.



BPC's recent report on the U.S.-Turkish relationship is available at: bpcdc.org/TurkeyPartnership.

## Reset Key Middle East

# RELATIONS

With terrorist groups spreading throughout the Middle East; with partners like Turkey growing increasingly unstable; with Iran fueling civil wars in Iraq, Syria, Yemen; and the forceful intrusion of Russia, core U.S. objectives in the region seem increasingly out of reach. Eliminating terrorism, preventing the region from falling under the control of hostile powers, securing energy access, and protecting allies will require rebuilding a functioning partnership with Turkey and limiting Iranian influence.

- Remove Washington's perceived dependence on Ankara by having the State and Defense Departments work together to develop <u>alternatives to the Incirlik</u> airbase in Turkey for air operations against ISIS.
- Use any U.S. leverage to encourage Turkey to resolve its myriad domestic sources of instability by urging Turkey and Kurdish groups to return to peace talks, before the ongoing conflict escalates further.
- Renegotiate, strengthen, or extend the Iran deal.
   The United States will need new leverage and enhanced credibility to prevent the Joint Comprehensive Plan of Action from lapsing in 2024, when Iran would be allowed to start enriching uranium without limit.

# Improving Lives THROUGH INNOVATION



nnovation is the core of America's economic strength and future prosperity. New ideas and technological advances are the keys to fostering sustained economic growth, creating jobs in new industries, and continuing America's global leadership.

## 44 Innovation is the core of America's economic strength and future prosperity. 77

Throughout the history of the United States, the federal government has played an important role in catalyzing and driving innovation and technology development in a variety of strategic areas including defense, health, agriculture, and information technology.

- 1. Modernize All Types of Infrastructure
- 2. Lead On Energy Innovation
- 3. Deliver Better Health Care at Lower Cost

# Modernize All Types of INFRASTRUCTURE

2017 presents a unique bipartisan opportunity to modernize the nation's infrastructure. The nation must make investments that will spur faster economic growth and job creation in the near term while building a stronger foundation for long-term prosperity. The price tag to upgrade, modernize, and expand our nation's roads, railways, water systems, airports, and more will total trillions of dollars. The U.S. government simply does not have the resources to close this gap absent increased help from the private sector. To engage

the private sector as a true partner we must re-examine long-standing policies that bar private participation in providing public goods.

- Transform how we pay for infrastructure to leverage the expertise and value of the private sector as a true partner by promoting life-cycle accounting and public-private partnerships.
- Require applicants for federal funding or financing to demonstrate that they have accounted for long-term costs and risks.
- Confront the inefficient permitting process. The
  administration, Congress, and local governments must explore
  fundamental changes to the permitting process to protect public
  health and the environment, and deliver critical infrastructure
  projects.



(Left to right) North America Chairman of Meridiam Jane Garvey, former HUD Secretary Henry Cisneros, President and CEO of American Water Susan Story, and President and CEO of S&P Global Doug Peterson. All are involved with BPC's Executive Council on Infrastructure.

# Lead On Energy INNOVATION

A combination of fundamental economic trends, technological innovation, and sound policy decisions have substantially strengthened our nation's energy outlook. Domestic production of traditional and renewable energy has significantly increased while the rates of energy consumption and carbon dioxide emissions have diminished. *Our nation relies less on imported energy than it has since 1986, and the* 

prospect of increased energy exports strengthens our geopolitical strength. Despite these favorable trends, energy politics remain deeply divisive. The Trump administration has proposed to expand fossil fuel and coal production through a reduction in regulation and other market interventions. In contrast, the "keep it in the ground" movement and opposition to energy distribution infrastructure gain momentum on the left.

Optimize taxpayer investments in energy
production and use by evaluating the myriad of energyrelated investments as Congress undertakes tax reform. Congress
should invite all corporate beneficiaries of current energy-related
tax investments to demonstrate the public benefit of these
investments.



BPC President Jason Grumet leads a recent stakeholder conversation on managing the energy transition.

- Develop new approaches to multi-state energy
  infrastructure siting and permitting to reduce
  duplication, delay, and uncertainty. The president should convene a
  task force of state and local business and labor leaders to assess
  how to modernize permitting to build a 21st century infrastructure
  that can keep pace with the dramatic and positive transition that is
  underway in the energy sector.
- Continue the Department of Energy's Mission
  Innovation, which calls for doubling U.S. spending on energy
  research and development over five years. We still need to develop
  technologies necessary to address the risks of climate change
  while growing the U.S. economy and bringing opportunity to the
  developing world.

### Deliver Better Health Care

## AT LOWER COST

As Congress grapples with replacing the Affordable Care Act (ACA), policymakers must address the underlying desire of the American public to receive better quality health care at lower costs. *Congress must encourage new models of payment and care delivery that provide better value and improved outcomes*, as opposed to traditional "fee-for-service" systems, which tend to drive volume of services without evidence that they improve health.

Enhance the flexibility of states under ACA State
 Innovation Waivers and Medicaid Waivers to pursue innovative,
 localized, and effective systems of health care delivery and
 coverage while maintaining critical consumer protections.



Former OMB Director and Co-Chair of BPC's Debt Reduction Task Force Alice Rivlin.



Senior Vice President G. William Hoagland holds the multiple pages that make up the Affordable Care Act.

- Create a more patient-centered system for people
  with multiple chronic conditions. For the 10 million Americans who
  participate in both Medicare and Medicaid, we need incentives
  to better coordinate clinical health and long-term services
  and supports to improve patient care and avoid unnecessary
  hospitalizations and emergency room visits.
- Provide more options for elderly and disabled individuals and their caregivers. Reform private longterm care insurance to make it more available and affordable, and strengthen the public "safety-net" to permit individuals to remain independent and in their homes as long as possible.



(Left to right) Director of Health Innovation Janet Marchibroda and Senior Scientist and Director of the Institute for Health and Productivity Studies at Johns Hopkins Bloomberg School of Public Health Ron Z. Goetzel.



Director of the Regenerative Medicine Clinical Center Julie G. Allickson.





he institutions we rely upon to reconcile our political differences are failing. Despite a number of recent achievements, our government appears overmatched by the problems we face. From the lack of jobs, to a broken immigration system, to skyrocketing health care costs and failing schools, many Americans doubt the basic competence of government to make a positive difference in their lives.

## While badly frayed, the good news is that our system is not broken. "

While badly frayed, the good news is that our system is not broken. With a shared commitment to making government work again, our political leaders can take immediate steps toward restoring trust in American democracy. If the will is there, solutions are waiting. Our optimism is grounded in years of developing pragmatic solutions with political leaders and experts from a wide range of professional and ideological perspectives.

President Trump and Congress must repair the basic mechanisms of cooperation and consultation that allow our main branches of government to function effectively together.

- 1. Create a Fair Legislative Process
- 2. Tap America's Talent for the Executive Branch
- 3. Improve Relations Between Congress and the White House

Co-Chair of the Presidential Commission on Election Administration Benjamin L. Ginsberg.

## Create a Fair Legislative

## **PROCESS**

Vigorous discussion, debate, and dissent are the lifeblood of government by the people. A fair legislative process provides the mechanism for translating contrasting views and interests into resilient policy decisions. *Bills must be thoroughly debated, not passed at the last minute or through procedural shortcuts*. Members of Congress must invest the time needed to improve relations across the aisle and between the Senate and House of Representatives.

- Make committee votes public by setting up easily
  accessible databases that make votes and attendance records
  available. It shouldn't be a struggle to find out which members
  attend hearings and how members voted on bills in committee.
- Create more room for debate. A more open amendments
  process should be adopted in the House. In the Senate, leadership
  should give priority consideration to an equal number of
  amendments, alternating between the parties, and the body as a
  whole should show restraint in using or weakening the filibuster.
- Adopt healthy work practices for Congress by
  requiring members to spend more time working in Washington to
  allow working relationships to develop and sufficient time to fully
  debate legislation. BPC has developed a tool, the <u>Healthy Congress</u>
  <u>Index</u>, that is designed to help citizens evaluate whether Congress is
  taking basic steps toward greater functionality.

## Tap America's Talent for

## THE EXECUTIVE BRANCH

The president should assemble a cabinet that reflects the ideological and cultural diversity of America and enlist highly qualified individuals who have demonstrated a capacity to get things done. The often-hostile confirmation process has become a major deterrent to recruiting qualified individuals to serve.

Congressional leadership and the White House must re-examine a process that often uses talented people as pawns in larger political debate.

- Require fewer appointees to go through Senate confirmation.
- Streamline disclosure forms and vetting processes to reduce barriers to service for the most skilled and talented individuals.

• Make the ability to lead a large bureaucracy or to assemble an effective management team a central criterion in the selection and confirmation of appointees. The federal government is often viewed as ineffectual and inefficient, in part because federal agencies often aren't well managed. Whatever the major priorities of President Trump and Congress, competent management throughout the executive branch is key.

#### Policy Priority:

## Improve Relations Between

### **CONGRESS AND THE WHITE HOUSE**

President Trump and Vice President Pence should meet on a regular basis with congressional leaders from both parties to build a working relationship and identify key elements of a shared policy agenda.



An audience member poses a question to the panel at a recent BPC event.

