



Washington Update 2021: The First 100 Days

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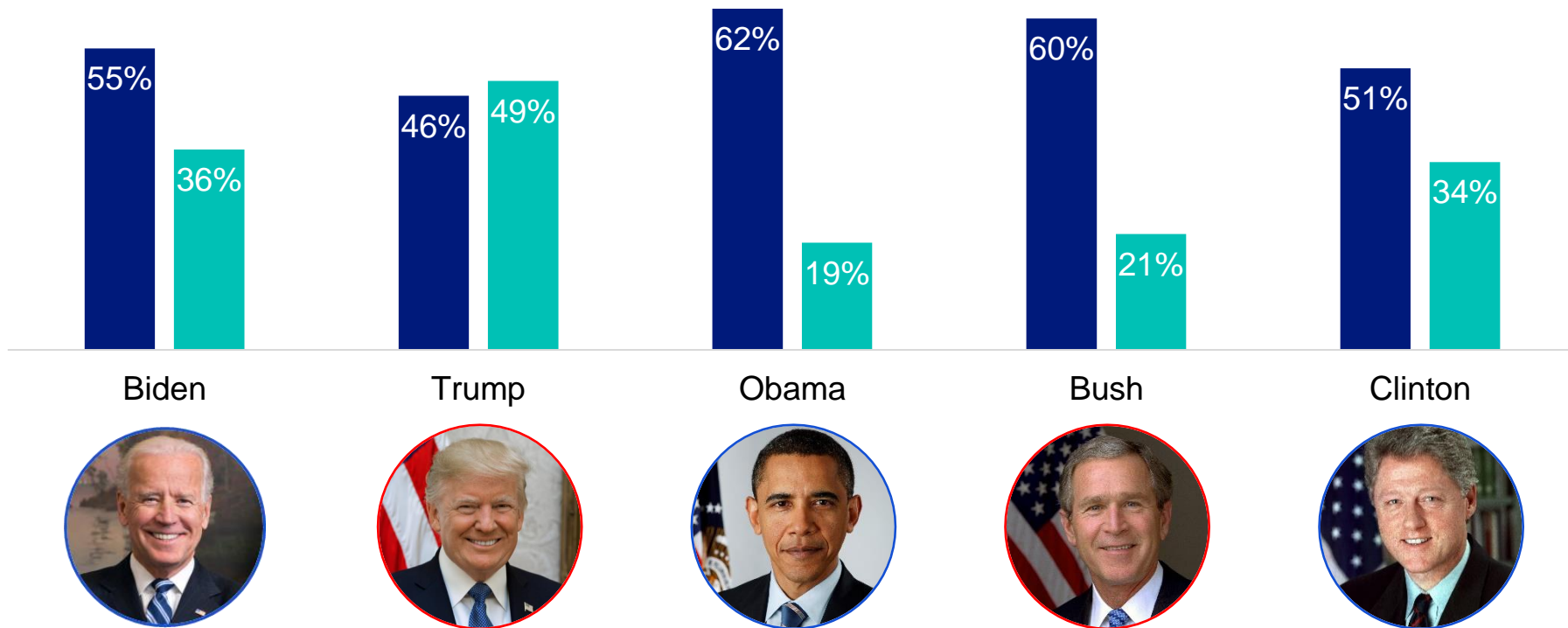
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Presidents' Early Job Approval Ratings



■ Approve ■ Disapprove

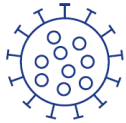


Sources: Official Photos;

3 Biden/Trump/Obama/Bush, RealClearPolitics job approval rating average at the beginning of February of the first year in office; Clinton, Gallup poll Feb 13, 1993

The First Days of the Biden Administration

What Biden Has Done



COVID-19 / Health / Economic Relief

- Cease withdrawal from World Health Organization
- Create office of White House COVID-19 response
- Federal mask mandate
- Extend federal eviction moratorium until March 31
- Pause interest rates and payments on federal student loans
- Increase federal food assistance
- Streamline the delivery of stimulus checks



Federal Government

- Freeze Trump's last-minute regulations
- End requirement to revoke 2 regulations for every new regulation introduced
- Advance racial equity across federal government
- Establish new ethics rules
- Improve collecting bargaining power and protections for federal workers
- Develop recommendations to increase minimum wage for federal employees to \$15 per hour



Climate

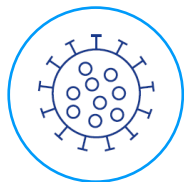
- Rejoin Paris climate accord
- Revoke permit for Keystone XL pipeline and reverse other environmental rollbacks



Immigration / Human Rights

- End travel ban to US from several Muslim-majority countries, North Korea and Venezuela
- Preserve and fortify DACA*
- Protect Liberians from deportation
- Repeal interior immigration enforcement order
- Stop construction of border wall
- Include undocumented immigrants in Census
- Strengthen protections against discrimination based on gender and sexual orientation

Varied Support for Biden's Early Executive Orders

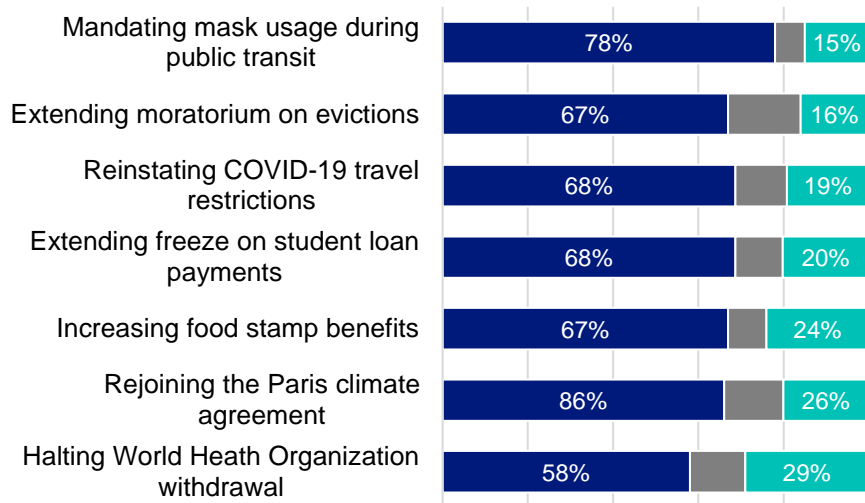


- Orders related to **COVID-19** relief and government response have been the most popular



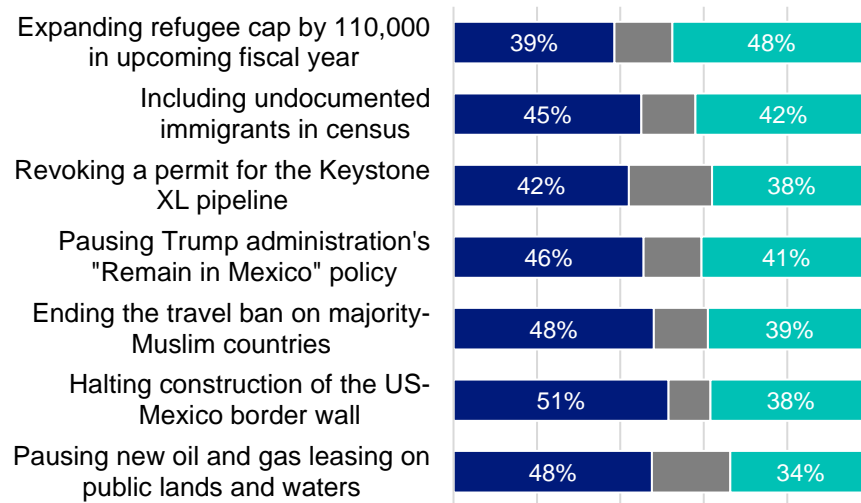
- Five of the seven least popular actions pertain to **immigration and immigrant rights**

More Popular



■ Support ■ Don't Know ■ Oppose

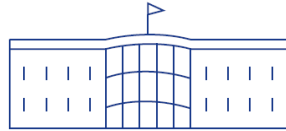
Less Popular



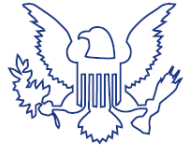
■ Support ■ Don't Know ■ Oppose

One Party Government

Biden Victory & Democrats Have the Majority in House & Senate



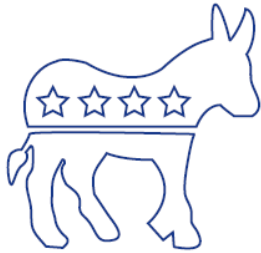
White House



House of Representatives



Senate

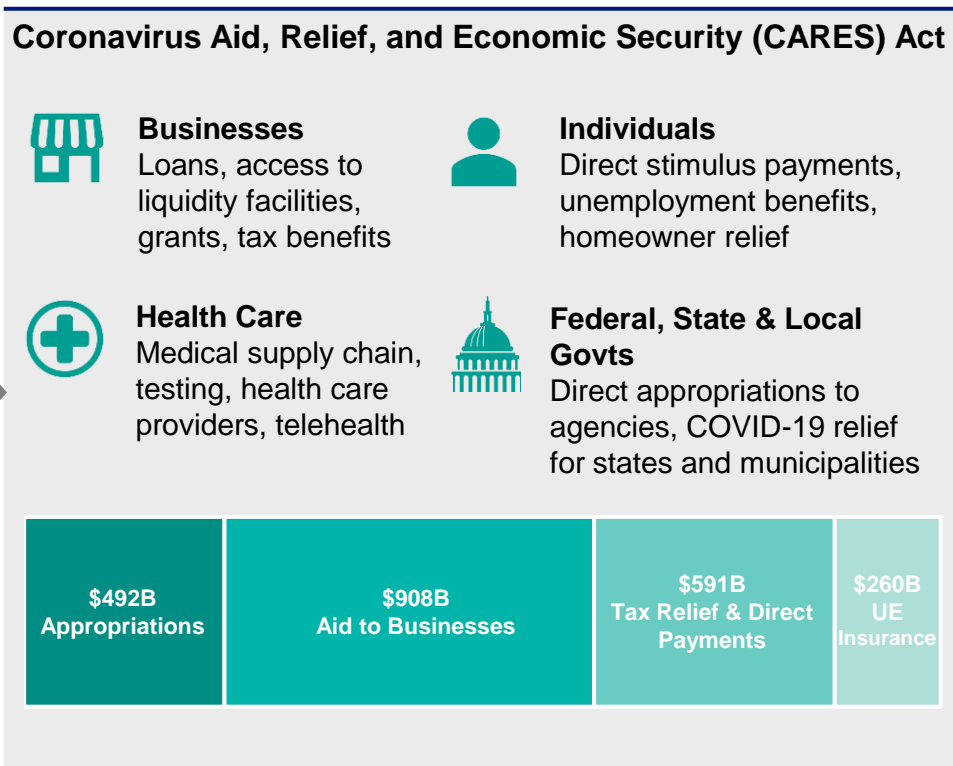
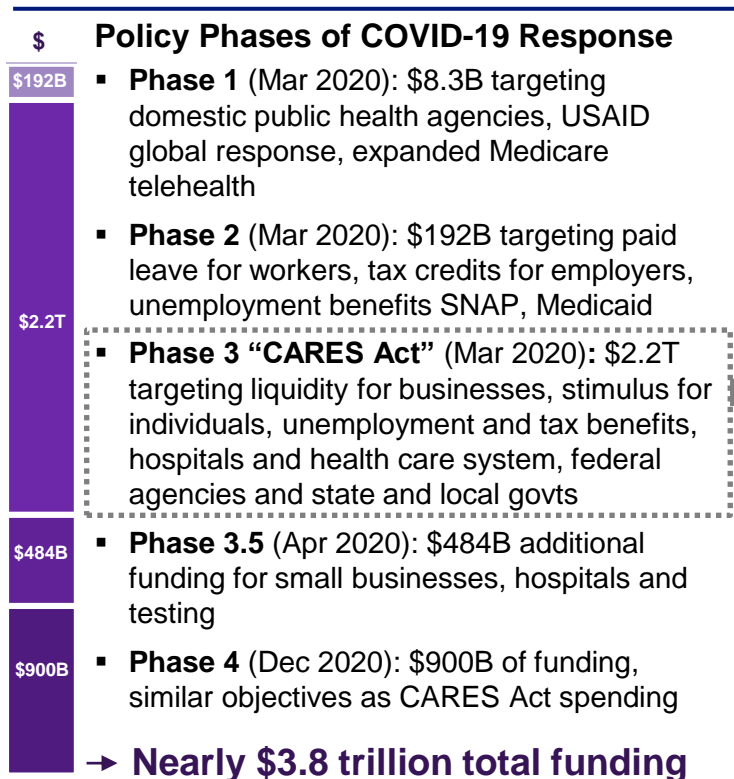


What Could Happen?

- COVID-19 Relief & Recovery
- Infrastructure with Taxes to Pay for it
 - Roads/bridges/transit/airports/broadband/green energy/schools
 - Must reauthorize Highway Bill
 - Corporate Taxes first in line
- Retirement Reform
 - Bipartisan efforts in House and Senate underway
- China/Trade Policy
 - Political paradigm has shifted
 - Will continue to be a pressure point with Biden
- Health Care
 - Addressing prescription drug prices
 - Promote community health centers
- Housing Finance / GSE Reform
- Cannabis Banking

COVID-19 Relief

Broad Array of Fiscal Support to Individuals, Businesses



COVID-19 Relief: Biden's Proposal

"American Rescue Plan"



\$1.9T

Individuals & Families (\$1T)

**Fighting
Coronavirus
(\$400B)**

**State & Local
Govts (\$350B)**

**Bus. & Communities
(\$100B)**

- **Individuals & Families (\$1T)**

- \$1,400 stimulus checks (\$2,000 total in addition to \$600 checks approved in Dec)
- Extend unemployment insurance through Sept, increase to \$400/wk
- Increase min. wage to \$15/hr
- Expand child tax credit to \$3,600/yr per child under 6, \$3,000/yr per child under 17
- Increase Earned Income Tax Credit to \$1,500 (from \$530)
- Paid sick and family leave
- Rental & utility aid (\$30B)
- Extend eviction/foreclosure moratoriums to Sept
- Nutrition aid (\$13B)

- **Fighting Coronavirus (\$400B)**

- Safely reopen schools (\$130B)
- Expand testing (\$50B)
- Universal vaccination program (\$20B); "100 million vaccines in 100 days"
- Create federal public health corps to staff vaccination sites, bolster contract tracing and reach rural communities

- **State & Local Governments (\$350B)**

- Keep front line public workers on the job and paid, while effectively distributing the vaccine, scaling testing, reopening schools, maintaining other vital services

- **Businesses & Communities (~\$100B)**

- Small business lending and investment (\$35B leveraged to \$175B)
- Small business grants (\$15B)

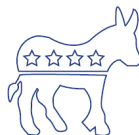
Outlook on Comprehensive Infrastructure Package

Focus on resiliency and reducing greenhouse gas emissions



State of Play

- Biden's infrastructure proposal is expected to focus on addressing climate change and prioritize domestic manufacturing and Buy American requirements
- A final package will likely **exceed \$1T**
 - \$2T Biden proposal vs. \$1.5T House Dem's *Moving Forward Act*
- While bipartisan consensus exists on the importance of infrastructure legislation, the main issue remains **how to pay for it**
- The package could pass via budget reconciliation **before Sep. 30** (expiration date of current transportation authorization)



• Key Provisions in the *Moving Forward Act*:

- Surface transportation
- Housing
- Clean energy
- Wastewater
- Hospitals and healthcare systems*
- Drinking Water State Revolving Fund
- US Postal Service*
- Childcare facilities*
- Shovel-ready public lands projects



- Expect **Senators to focus on bipartisan energy** provisions including energy storage, carbon capture, utilization, and storage (CCUS) technologies, energy efficient industrial technologies, critical mineral supply chain security, and electric grid modernization.



- To finance the infrastructure investments, the bill would **strengthen local financing and community development tools** including Build America Bonds, Advance Refunding Bonds, Private Activity Bonds, the New Markets Tax Credit, and the Historic Tax Credit.

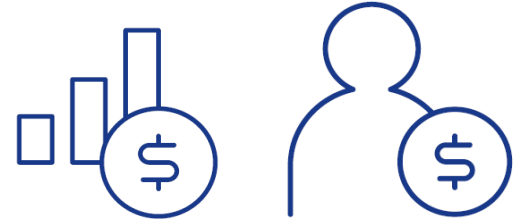
*Provision not addressed in the Biden campaign proposal
Source: MindsetDC, February 2021

Potential Tax Increases & Reconciliation

What's on the Table?



- Increase corporate taxes
 - Raise the corporate tax rate to **28 percent**
 - Impose a **15 percent minimum** tax on book income aimed at companies that reported net income of more than \$100 million in the US but paid zero or negative federal income taxes
 - Significant increase in the Global Intangible Low Tax Income (GILTI) rate
- Increase income taxes
 - Raise top income tax rate to **39.6 percent** for earners >\$1 million
 - Eliminate the preferential rate on capital gains
- Replace tax deferral for employee contributions to defined contribution plans and traditional IRAs into matching refundable tax credit
- Financial Transaction Tax (FTT)
- Substantial reforms to Tax Cuts and Jobs Act (TCJA)



US Monetary and Fiscal Policy

Signaling Greater Support for a Longer Time



Jerome Powell
Chairman of the
Federal Reserve

“...a **patiently accommodative monetary policy** that embraces the lessons of the past...”

“ There’s also the possibility ... that as the economy fully reopens, there’ll be a burst of spending ... that could also create some upward pressure on inflation. Again, we would see that as something likely to be transient and not to be very large. So the way we would react is we’re going to be patient. ”

“In the longer run, I believe the **benefits** [of fiscal stimulus] will far **outweigh the costs.**”

“ Neither the president elect, nor I, proposed this relief package without an appreciation for the country’s debt burden. But right now, with interest rates at historic lows, the smartest thing we can do is act big. ”



Janet Yellen
Treasury Secretary

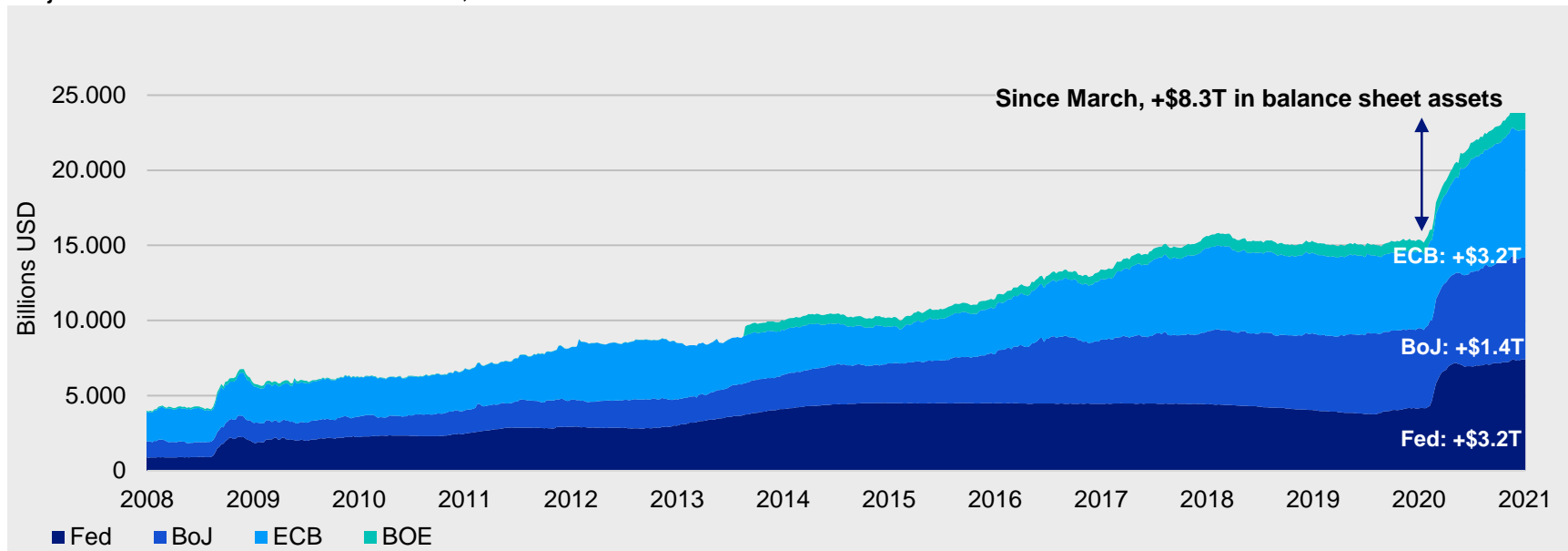
Monetary Policy has been a key driver of markets

Emergency monetary programs are pumping cash into banks



Substantial Large-Scale Asset Purchases Will Likely Support Recovery

Major Central Bank Balance Sheets, Total Assets



Federal Reserve Lending Facilities



(Billions \$)	Size of Fed Facility	Funding from Treasury ESF (Oct 2020)		Status (Feb 2021)			
		Obligated	Deposited	Deposited, but Excess	Outstanding Loans (Jan 2021)	Peak Reported	Operational Date
Current Expiration Date: March 31, 2021							
Primary Dealer Credit Facility (PDCF)					\$535M	4/14 \$34.5B in loans	3/20
Commercial Paper Lending Facility (CPLF)		10*	10		0	5/31 \$4.2B in loans	4/14
Money Market Liquidity Facility (MMLF)		10*	~1.6		\$1.9B	4/23 \$51.1B in loans	3/23
Paycheck Protection Program Lending Facility (PPPLF)					\$46.5B	8/8 \$70.7B in loans	4/16
Current Expiration Date: December 31, 2020							
Primary Market Corporate Credit Facility (PMCCF)	750	50	37.5		No transactions	N/A	6/29
Secondary Market Corporate Credit Facility (SMCCF)		25		23.8	\$14.1B	Current Report	5/12
Term Asset-Backed Securities Loan Facility (TALF)	100	10	10	6.4	\$3.4B	11/13 \$3.8B in loans	6/17
Main Street Lending Program (MSLP)	600	75	37.5	31.5	\$16.6B	Current Report	6/15
Municipal Liquidity Facility (MLF)	500	35	17.5	15.8	\$6.3B	Current Report	
TOTAL (CARES Act)		195	102.5	77.5	\$40.4B		
TOTAL		215	114.1				

Treasury Exchange Stabilization Fund (ESF); HR 748 (CARES Act); *\$10B already in funds pre-CARES Act
 Sources: MindsetDC, Federal Reserve, February 2021

Picks for Biden Administration Officials

Economic Policy



Secretary of the Treasury

- Janet Yellen, fmr. Federal Reserve Chair

Deputy Secretary of the Treasury

- Adewale “Wally” Adeyemo, fmr. Dep. National Security Advisor for International Economics & fmr. Dep. Director of NEC (Obama)

Secretary of Commerce

- Gina Raimondo, Gov. of Rhode Island

Secretary of Labor

- Marty Walsh, Mayor of Boston

Director, Office of Management & Budget (OMB)

- Neera Tanden, CEO of the Center for American Progress

Chair, Council of Economic Advisers

- Cecilia Rouse, economist and Dean of the Princeton School of Public and International Affairs at Princeton University; fmr. Roles in Council of Economic Advisers (Obama) and National Economic Council (Clinton)

Director, National Economic Council (NEC)

- Brian Deese, fmr. Deputy Director of OMB (Obama); fmr. Deputy Director of NEC (Obama); Global Head of Sustainable Investing at BlackRock



Picks for Biden Administration Officials

National Security & Foreign Policy



Secretary of Defense

- General Lloyd Austin, retired four-star

Secretary of Homeland Security (DHS)

- Alejandro Mayorkas, fmr. Deputy DHS Secretary (Obama)

National Security Advisor

- Jake Sullivan, longtime aide to Biden

Director of National Intelligence

- Avril Haines, fmr. Deputy National Security Adviser (Obama)

Secretary of State

- Antony Blinken, longtime foreign policy adviser to Biden

US Trade Representative (USTR)

- Katherine Tai, fmr China enforcement head at USTR, fmr House Ways & Means lawyer

US Ambassador to the United Nations

- Linda Thomas-Greenfield, fmr. Asst. Sec. of State for African Affairs (Obama), vet. diplomat

Industries That Could Be Impacted by a Biden Administration



Fossil Fuel



Healthcare/Pharmaceuticals



Building Trades/Construction



Technology

Foreign Policy: Trade & Sanctions

Different
Approaches...



Volatility
vs.
Measured



...But Same
Direction

