

POLITICAL AND LEGISLATIVE LAY OF THE LAND – 2019/2020

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[DRAFT AS OF DEC 18, 2018]

- Expecting continuing resolution to fund government by end of the week



[DRAFT AS OF DEC 21, 2018]

- Well, nevermind. We may have a brief shutdown.



[DRAFT AS OF DEC 25, 2018]

- Government is shut down. Day 4. Merry Christmas.



[DRAFT AS OF JAN 1, 2019]

- Government is shut down. Day 1. Happy New Year.



[DRAFT AS OF JAN 12, 2019]

- Longest government shut down in history. Day 22. No clear path for resolution. Possible emergency declaration looming.



UPDATE AS OF JAN 17, 2019

- Shutdown day 27. The government will presumably reopen again...at some point...probably...right?



SHUTDOWN DYNAMICS

- In some senses, less concern than one would expect for longest ever
 - DC
 - Rest of country
- First half of shutdown was over holiday break
- $\frac{3}{4}$ of government is funded...DOD, Labor, HHS, Education, Veterans Affairs, Energy, Postal Service, Federal Reserve, FHWA HTF formula funds, Legislative Branch, etc



SHUTDOWN EFFECTS

- Noticeable effects starting to mount, pressure growing
- 9 Cabinet agencies partially shut down (Agriculture, Commerce, Justice, Homeland Security, HUD, Interior, State, Transportation, Treasury)
- 800,000 workers missed paycheck Jan 11 – half working, half not, National parks in limbo, TSA sick-out, Federal prison guards, Superfund cleanup, Smithsonian closed, , NASA, IRS, Flood insurance, Agriculture loans, Federal courts, Coast guard/DHS, EPA inspections, EPA emissions certifications, Food stamps at risk soon, HUD rental assistance, FDA food safety inspections, brewery labels, pharmaceutical reviews, IPO listings, FCC approvals, FAA approvals, etc etc



2019/2020 LANDSCAPE

- Divided government
- Likely viciously partisan and contentious, big picture
- Lots of oversight/investigations
 - Trump Tax Returns, Trump Family Business & Charities, Russia & the 2016 Election, Environmental Policy, Cabinet Travel & Expenses, Family Separation / Migrant Detention incl deaths, Health Care Policy & the ACA, New Starts/CIG, etc



2019/2020 LANDSCAPE, CONT.

- The obvious prediction – very little gets done
- Trust in institutions continues to drop, global chaos threatens, Brexit mess, potential recession, wealth concentration worsens, opioid crisis continues, big tech (FAANG) backlash, left version of TEA Party (AOC), change accelerates, disruption reigns, climate crisis worsens in reality and politically, WH and cabinet turnover, 2020 election looms with huge field
- Probably right, but:
 - 2017/2018 legislative accomplishments: Russia & Iran Sanctions, WRDA, FAA, Anti Sex Traffickers Act, Opioid Epidemic, Farm Bill , Criminal Justice Reform, Veterans' Health Choice, CHIP, Dodd-Frank reforms, Tax Reform (and even fixed “Grain Glitch”)



2019/2020 LANDSCAPE, CONT.

- Potential deals:
 - Infrastructure
 - Rx Prices
 - Trade (USMCA)
 - Data Privacy
 - Sequester Relief
 - Tax Reform-Reform
 - Higher Ed
 - China / Supply Chain



2019/2020 LANDSCAPE, CONT.

- Infrastructure vs FAST Act Reauthorization
- Simultaneous at first
- Does infrastructure happen? Prob not, but maybe.
 - But FAST? Yes, eventually.
- Rail industry thoughts
 - Modal equity/user pay
 - Freight programs – INFRA, TIGER
 - Grade crossings/separations
 - Tax – 45G



NON LEGISLATIVE THOUGHTS

- Most diverse House of Representatives in U.S. history
- Huge energy on the left
- Social issues can go viral quickly, transparency increases
- Change only accelerates – climate change, blockchain, genetic editing, IoT, stock market volatility, “deepfakes” ...exciting and scary time to be a corporate leader...more constituencies than ever, everybody has a voice...keep your head on a swivel

