



*In classic Greek mythology, a golden apple of discord inscribed "For the fairest" was awarded to Aphrodite, beginning a chain of events that led to the Trojan War. GrayRobinson's newsletter reports on the most recent issues, individuals, and discourse deemed fairest in Washington.*

August 7, 2020

### **Stimulus negotiations continue**

Negotiations continue among the House, Senate, and Administration on a new pandemic relief package. We expect these talks to continue over the weekend and into next week, with elements changing day to day and even hour to hour. Stay tuned.

### **States, schools, parents need more funding, say witnesses**

Getting kids safely back to school will require defeating COVID-19, witnesses told the Select Subcommittee on the Coronavirus at a [hearing yesterday](#). Until that happens, though, Congress must provide more funding for states, school districts, and/or directly to parents to help make the changes needed to continue students' education. While Republican members of the Subcommittee emphasized the need to return to in-person learning, following the CDC guidelines, a second-grade teacher who had recovered from the virus described her colleague's death and said teachers would not be able to prevent students from transmitting COVID-19 to their classmates and family members. Former Secretary of Education Arne Duncan called for \$200 billion in supplemental funding to states and localities, distributed according to need. Dan Lips of the Lincoln Policy Network said that funding should go directly to the parents of school-aged children, so they can hire tutors or pay private school tuition.

### **Waters, Warren, Gillibrand introduce bill to add racial equity to the Fed's mission**

House Financial Services Chairwoman Maxine Waters (D-CA), Senator Elizabeth Warren (D-MA), and Senator Kirsten Gillibrand (D-NY) announced Wednesday that they were introducing legislation to require the Federal Reserve to use its authorities to close racial gaps in employment and wages, and report on how those gaps change over time. [The Federal Reserve Racial and Economic Equity Act](#) would add a new section to the Federal Reserve Act that requires the Fed to carry out its functions in a way that "minimizes and eliminates racial disparities in employment, wages, wealth, and access to affordable credit." The Chair of the Federal Reserve System would be required to identify employment, income, and wealth disparities among racial and ethnic groups in their semiannual

testimony before Congress, and the semiannual Monetary Policy Report would be required to include data about workforce trends among different demographic groups, including race, gender, and education levels.

### **SEC proposes new disclosure frameworks for mutual funds, ETFs**

This week the Securities and Exchange Commission voted to propose "[comprehensive modifications](#)" to the framework of disclosures about mutual funds and exchange traded funds (ETFs). The proposal would require streamlined reports to shareholders that include information about fund expenses, performance, holdings, and material fund changes. Those reports would be required to "better align" disclosures with market developments and investor expectations, and the SEC encourages funds to use graphic or text features such as tables, bullets, and question-and-answer formats to convey this information more effectively. Some information currently required in disclosures but "less relevant to retail shareholders generally" could be moved online. Funds could send investors streamlined shareholder reports, instead of both prospectus updates and lengthy shareholder reports. Prospectus disclosures would be required to provide clearer and more consistent information about fees, expenses, and principal risks. The proposal will be open for comment for 60 days once it appears in the *Federal Register*.

### **Fed unveils details of FedNow**

Federal Reserve Board Governor Lael Brainard [announced the core features and functionality of FedNow](#), its real-time payments service, in a [speech yesterday](#). FedNow will operate alongside the Clearing House's RTP network; Brainard said the existence of two systems will offer "resiliency through redundancy" and bring "the efficiency benefits associated with competition." The Fed received almost 200 letters in response to its request for industry feedback about what they wanted from FedNow, and Brainard enumerated several features that FedNow will include: fraud tools, a liquidity management tool, and the use of the ISO 20022 message standard to ensure interoperability. The goal is to launch the service in 2023 or 2024, with additional features to be added in phases after the launch.

### **FDIC launches BankFind Suite**

The Federal Deposit Insurance Corporation (FDIC) has reorganized its bank data tools into a new portal, the [BankFind Suite](#), that makes it easier for users to search for institution-specific or industry-wide data and trends. The portal also offers up-to-date lists of new charters, mergers, name changes, relocations, and other structural changes. Financial and structural data on the site go back to 1934, when the FDIC was established.

### **SEC Small Business Capital Formation Advisory Committee asks SEC to take action to promote diversity**

A [day-long virtual meeting of the SEC's Small Business Capital Formation Advisory Committee](#) ended Tuesday afternoon with the Committee agreeing that regulatory action to address the underrepresentation of women, people of color, and other underserved groups warrants "immediate attention," including regulatory revisions to encourage a capital-raising ecosystem that promotes increased diversity. Commissioners who addressed the meeting, including SEC Chairman Jay Clayton, acknowledged the challenges that women- and minority-owned small businesses face in raising capital, which the current pandemic has exacerbated. Commissioner Hester Peirce said that Regulation

Crowdfunding had not delivered on its full potential, and suggested a variety of exemptions and regulatory reductions that might make it easier for startups to raise capital.

## Confirmations, Nominations, Departures, etc.

- Two incumbent House members lost their primary campaigns this week, and will leave Congress in January. Ten-term Rep. **Wm. Lacy Clay** (D-MO-01) lost to pastor Cori Bush, and freshman **Steve Watkins** (R-KS-02) lost to Kansas State Treasurer Jake LaTurner.
- The Senate confirmed **Hester M. Peirce** and **Caroline A. Crenshaw** to be members of the Securities and Exchange Commission.
- The [IRS announced](#) that **James Lee** will succeed **Don Fort** as the agency's chief of Criminal Investigation when Fort retires on September 30.
- The [SEC has named](#) **Lindsey McCord** as Chief Accountant in its Division of Corporate Finance, and announced that **Stephen Peikin**, Co-Director of the Division of Enforcement, will leave the agency on August 14.

## Next Week in Washington

Neither the House nor the Senate has any hearings scheduled next week. We assume that both houses will return to vote on a stimulus package once leaders agree, but we cannot predict when that might happen.

## The Ellis Insight

Jim Ellis reports on political news

### Senate

**Iowa:** After five consecutive Iowa statewide post-primary surveys found Democratic challenger Theresa Greenfield edging Sen. Joni Ernst (R) by 2-3 percentage points, the new Monmouth University poll (7/30-8/3; 401 IA likely voters) shows the incumbent holding the same small lead, 48-45%. The Iowa race is part of the four-state Republican majority firewall that includes Alabama, Maine, and Montana. All four races are must-win GOP contests if the party is to hold their tenuous Senate majority.

**Kansas:** The Kansas Republican Senate primary went the way of the national GOP leadership as US Rep. Roger Marshall (R-Great Bend) defeated former Secretary of State and 2018 gubernatorial nominee Kris Kobach and businessman Bob Hamilton, among others, last night to claim the party nomination and advance into the general election.

This was perhaps the strangest campaign in the country as Democratic outside organizations were coming into the primary to actually help Kobach win the Republican primary by claiming he is too conservative for Kansas. Their plan failed in that Rep. Marshall won the nomination in a 40-26-19% split over Messrs. Kobach and Hamilton. Rep. Marshall will now face state Sen. Barbara Bollier (D-Mission Hills) in the general election.

**Minnesota:** Public Policy Polling, surveying for the Giffords Law Center to Prevent Gun Violence organization (7/22-23; 1,218 MN voters via interactive voice response device), ran one of their push polls for the impending Senate race between Sen. Tina Smith (D) and her likely GOP opponent, former US Rep. Jason Lewis (R). The poll asked leading questions on the gun issue ostensibly after they queried the Senate race ballot test. According to the results, Sen. Smith holds a 48-39% lead over Mr. Lewis, which suggests this could become a viable Republican challenge race if the latter man can increase his fundraising and statewide presence.

**Montana:** The Emerson College Polling Institute released their new Montana poll (7/31-8/2; 584 MT likely voters via live interview) and while the results find President Trump outpolling former Vice President Joe Biden, 53-42%, the more important story is Sen. Steve Daines (R) reaching beyond the polling margin of error for the first time in this cycle in his race against Gov. Steve Bullock, the Democratic US Senate nominee. Emerson finds Sen. Daines leading Gov. Bullock, 50-44%.

**Morning Consult Polls:** The Morning Consult research firm conducted a series of surveys and finds Republicans building big leads in two key states and falling into close contests in another pair where they should have a strong advantage.

In Kentucky (7/24-8/2; 793 KY likely voters), the MC data finds Senate Majority Leader Mitch McConnell (R-KY) recording a 53-36% lead over retired Marine Corps helicopter pilot Amy McGrath (D) who has raised a whopping \$47 million+ for her campaign. Alabama GOP nominee Tommy Tuberville likewise holds a major Morning Consult detected advantage over Sen. Doug Jones (D). This poll (7/24-8/2; 609 AL likely voters) projects the retired Auburn University head football coach topping the Democratic incumbent, 52-35%, in what is a must-win conversion race for the GOP.

Morning Consult detects close races in two other states that should be much stronger for the respective Republican incumbent. The South Carolina survey conducted over the same period as the others (741 SC likely voters) finds Sen. Lindsey Graham (R) claiming only a one-point, 44-43%, edge over former South Carolina Democratic Party chair Jaime Harrison, while in Texas, Sen. John Cornyn (R) posts only a six-point margin (2,576 TX likely voters from a pre-determined sample cell; online) over Democrat M.J. Hegar, 44-38%.

**Tennessee:** In the only primary election held on a Thursday, former US Ambassador to Japan and ex-Tennessee Economic Development director Bill Hagerty rolled to a strong 51-39% Republican nomination victory. The win virtually guarantees Mr. Hagerty's election in November and the right to succeed retiring Sen. Lamar Alexander (R).

Mr. Hagerty defeated Nashville surgeon Manny Sethi in what evolved into a more

competitive campaign than originally forecast. Several polls found Dr. Sethi pulling to within small single digits in mid-July, but Mr. Hagerty pulled away in the end largely to a 2:1 campaign spending advantage and the combined endorsements of President Trump and Sen. Marsha Blackburn (R-TN).

In the Fall, Mr. Hagerty will face the surprise Democratic primary winner, businesswoman and environmental activist Marquita Bradshaw who literally spent no money on her campaign. The forecast favorite to win the Democratic nomination, attorney and Iraq War veteran James Mackler who raised and spent more than \$2 million for his race, finished a poor third.

## House

**CA-4:** Retired Democratic pollster Lake Research Partners released a survey (released 7/28; 650 CA-4 likely general election voters via interactive response device) that shows a close race between veteran Rep. Tom McClintock (R-Elk Grove/Sacramento) and his challenger, software executive Brynne Kennedy (D). The ballot test gave Rep. McClintock only a 45-42% lead while President Trump is only up one percentage point in one of the eight California districts (of 53) that elects a Republican to the House.

The polling is similar to what we saw here in 2018 when Rep. McClintock was running against challenger Jessica Morse. Despite Ms. Morse spending approximately \$2 million more than Rep. McClintock, the Congressman was re-elected with a 54-46% margin.

**GA-5:** As Georgia election law mandates, Gov. Brian Kemp (R) is forced to schedule a special election to replace the late Rep. John Lewis (D-Atlanta), even though the final part of the term could be as short as one month. Now, the special election itself is becoming rather useless since chosen Democratic general election nominee Nikema Williams, the Georgia Democratic Party chair and a state Senator, decided not to enter the September 29th special jungle primary.

Seven others did file to run, so moving to a December 1st runoff election now becomes very likely without Ms. Williams in the field. This means the special election winner will serve less than a month in Congress before Ms. Williams takes the seat in January after winning what will be, for her, a cinch general election in the heavily Democratic district.

**IA-2:** In a surprising result, the Congressional Leadership Fund has released a poll of Iowa's open 2nd District that sees former state Senator and 2018 Lt. Governor nominee Rita Hart (D) tied with Republican state Senator Mariannette Miller-Meeks (R-Ottumwa), who is in her fourth congressional campaign. The Harper Polling survey (7/26-28; 406 IA-2 likely general election voters) finds the two candidates tied with 41% support apiece. Though we see a close race brewing, Ms. Hart has a huge cash-on-hand financial lead, \$1.385 million to \$506,000.

**Kansas Primary Results:** The open 1st District went to former Lt. Governor Tracey Mann (R), who will ultimately replace Rep. Roger Marshall (R-Great Bend) in the House. Mr. Mann becomes a prohibitive favorite in the November election after easily winning the open Republican primary.

Turning to the 2nd Congressional District, freshman Rep. Steve Watkins (R-Topeka), who was indicted within the past two weeks for voter fraud in an election not his own, fell to state Treasurer Jake LaTurner in last night's primary battle. Mr. LaTurner ousted Rep. Watkins, 49-34%, thus advancing him into the general election where his opponent will be Topeka Mayor Michelle De La Isla who was an easy winner on the Democratic side. Mr. LaTurner will be favored to hold the seat.

Former Kansas Republican Party chair Amanda Adkins defeated four intra-party opponents to win the 3rd District party nod. She will now embark upon an underdog challenge against freshman Rep. Sharice Davids (D-Roeland Park/Kansas City) in the Fall.

**Michigan Primary Results:** Beginning with the 3rd District, Peter Meijer, whose family owns the Meijer grocery stores with 253 locations throughout the Midwest, easily won the open Republican primary. Mr. Meijer now becomes the general election favorite against attorney Hillary Scholten who was the unopposed Democratic candidate. The November winner replaces retiring Libertarian Rep. Justin Amash (L-Cascade Township/Grand Rapids).

Michigan's 6th District delivered two surprises. First, 17-term Rep. Fred Upton (R-St. Joseph) was re-nominated, but with only a 63% victory against realtor Elena Oelke who spent virtually no money on her campaign. But, the Democratic side of this race was even more surprising as teacher Jen Richardson, who raised under \$80,000 for her campaign almost slipped past state Rep. Jon Hoadley (D-Kalamazoo) despite the latter man pulling in almost \$1.4 million. The general election will be competitive.

In the state's open 10th District Republican contest, financial executive Lisa McClain, who self-funded \$1.4 million of the \$1.6 million she spent, defeated state Rep. Shane Hernandez (D-Port Huron), 42-36%, to secure the GOP nomination. In this Republican district, doing so is tantamount to winning the seat in the Fall.

In her primary campaign, freshman Rep. Rashida Tlaib (D-Detroit) easily defeated Detroit City Council President Brenda Jones, in Detroit's 13th District, 66-34%. In 2018, Ms. Tlaib defeated Ms. Jones in the regular Democratic primary by just one percentage point.

**MO-1:** Also, on Tuesday evening, ten-term Rep. Lacy Clay (D-St. Louis) also lost his bid for re-nomination. Cori Bush, a pastor and 2018 congressional candidate, returned for a rematch and with the help of the Justice Democrats PAC upset the veteran House member, by 4,600 votes or just over three percentage points.

Ms. Bush now becomes the prohibitive favorite to win the general election and is expected to join the group of young minority House members on the Democratic Party's far left spectrum. Messrs. Watkins and Clay now becomes the sixth and seventh House members, respectively, to be denied re-nomination in the 2020 election cycle

**New York:** Six full weeks after the June 23rd primary in New York City, we finally have official winners in the two outstanding congressional races. As predicted, Representative Carolyn Maloney (D-Manhattan) has defeated challenger Suraj Patel in a close vote count. Congresswoman Maloney will now sweep to an easy general election victory in the Fall. She was first elected to the House in 1992 after spending ten years as a member of the New York City Council.

New York City Councilman Ritchie Torres, who led the counting throughout the entire marathon counting process in his Bronx anchored 15th Congressional District, has won the open Democratic primary and will replace retiring Representative Jose Serrano (D). This is the safest Democratic seat in the nation – President Trump received 5% of the vote in 2016, for example – so Mr. Torres will become the new House member.

**Tennessee Primary Results:** The open 1st District was Thursday night's most interesting race. There, pharmacist and political activist Diana Harshbarger claimed the open seat Republican nomination with just over 19% of the vote against 13 other GOP candidates. She ran hard to the right and spent the most money on her race, over \$1.3 million, most of which was self-funded. In a 77% Trump district, Ms. Harshbarger's GOP nomination win virtually assures her of election in the Fall. She will succeed Rep. Phil Roe (R-Johnson City) who is retiring after serving what will be six terms at the end of this congressional session.

In the 5th District, veteran Rep. Jim Cooper (D-Nashville) survived a Democratic primary challenge with a 57-40% victory margin. This primary election win re-elects Mr. Cooper in November because Republicans did not file a candidate. The seven other House incumbents were either unopposed for re-nomination or won with at least 71% of the vote. All nine Tennessee seats will remain with their respective party in the general election.

**TX-23:** Retired Navy non-commissioned officer Tony Gonzales scored an apparent seven-vote victory on election night in the July 14th Republican runoff contest. With the official canvass now complete, Mr. Gonzales' official margin increased to 45 votes. His opponent, homebuilder and retired Air Force officer Raul Reyes, is seeking a re-count. Eventually, one of these two men will face Democratic nominee Gina Ortiz Jones who has become the clear favorite to convert this seat to her party's column. Republican Rep. Will Hurd (R-San Antonio) is retiring.

**Washington Primary Results:** The Washington jungle primary results in that state's open

10th District are still days away from being final because they allow ballots to come in after Election Day, but we do see an update. With an estimated 51% of the vote tallied, former Tacoma Mayor Marilyn Strickland (D) is projected as clinching one of the general election slots with just 21.5% of the vote. The second position is up for grabs between state Rep. Beth Doglio (D-Olympia) at 14.5% and former state Rep. Kristine Reeves (D) who records 13.0% preference. The top finishing Republican is Rian Ingram in fourth position with 10.8 percent.

Under Washington's jungle primary law, the top two finishers advance into the general election regardless of vote percentage earned. In all, 19 Democrats, Republicans and Independents were on the ballot.

## Governor

**Primary Results:** Missouri and Washington had Governors' campaigns as part of their August 4th primary. Both incumbents easily advanced into the general election. In Missouri, Republican Gov. Mike Parson scored a 75% primary victory and now faces state Auditor Nicole Galloway (D) in the general election.

The Washington jungle primary yielded two-term Gov. Jay Inslee (D) topping the field of 35 candidates with just over 51% of the combined vote. He advances to the general election as a big favorite over Republic Police Chief Loren Culp (R) who placed second within the massive candidate field.

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