



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.

March 20, 2020

What recess?

First and most important, we hope you are healthy and taking steps to remain so. The Senate did not go into recess this week, and Majority Leader Mitch McConnell (R-KY) says they will not do so any time soon. Senate Republicans have proposed a \$1.3 trillion stimulus package, which is being negotiated now in hopes of a vote on Monday. The House dispersed at the end of last week, but House leadership has stayed in town and they are prepared to adapt as needed to the need for distancing. GrayRobinson's offices are open, but most of us are working from home, as we suspect you are.

Families First

Earlier this week the President signed into law the [Families First Coronavirus Response Act](#). This bill provides additional funding and relaxed requirements for federal food assistance programs; creates a federal emergency paid leave benefits program; expands unemployment benefits to up to 26 weeks; requires most employers to offer paid sick leave; and requires that COVID-19 testing be free to those who need it.

SBA offers emergency loans

Separately, the Small Business Administration has new lending authority to offer low-interest loans to small businesses affected by COVID-19 in at least 17 states and the District of Columbia. The SBA's [Economic Injury Disaster Loan Program](#) offers small businesses working capital loans of up to \$2 million.

Treasury postpones tax deadline to July 15

The Treasury Department and the IRS have postponed the filing deadline for 2019 taxes to July 15. Earlier this week, they [issued guidance](#) allowing all individual and non-corporate tax filers to defer tax payments of up to \$1 million due on April 15 to July 15 without penalties or interest; corporate taxpayers get a similar deferment of up to \$10 million. Treasury Secretary Steven Mnuchin said that Americans who expect a refund should file by April 15 in order to receive those refunds promptly.

Federal Reserve creates new credit facilities

The Federal Reserve has taken extraordinary steps to inject more liquidity into the financial system and make it easier for financial institutions to lend to consumers. The Fed is [encouraging banks to use the discount window](#), and has created a [Commercial Paper Funding Facility \(CPFF\)](#), a [Primary Dealer Credit Facility \(PDCF\)](#), and a [Money Market](#)

[Mutual Fund Liquidity Facility \(MMLF\)](#) to support credit extensions to households and businesses. Today the Fed [announced](#) that it is expanding the MMLF to include state and municipal money markets.

Federal Reserve eliminates reserve requirements

The Fed announced on Monday that it is reducing [reserve requirements for depository institutions to zero](#), effective March 26. "For many years, reserve requirements played a central role in the implementation of monetary policy by creating a stable demand for reserves," the Fed said, but noted that the FOMC decided in January to "implement monetary policy in an ample reserves regime. Reserve requirements do not play a significant role in this operating framework."

Regulators encourage banks to support households and businesses, offer CRA credit

The Federal banking agencies (Federal Reserve, FDIC, OCC) [issued statements](#) this week encouraging financial institutions to "use their capital and liquidity buffers" to lend and take other actions to support households and small businesses. They issued a [Joint Financial Institutions Letter](#) yesterday to all institutions with less than \$1 billion in assets, saying that they will provide favorable Community Reinvestment Act consideration for providing services that are responsive to the needs of low- and moderate-income individuals, small businesses, and small farms affected by COVID-19, and for community development activities. Separately, the federal banking agencies announced that all examinations will be online-only through at least March 30. The FDIC also published answers to Frequently Asked Questions about responding to COVID-19.

GSEs offer 12 months of mortgage forbearance, suspend foreclosures and evictions

The Federal Financial Housing Agency directed Fannie Mae and Freddie Mac this week to [suspend evictions and foreclosures](#) for at least 60 days, and to offer mortgage borrowers forbearance for up to 12 months. Separately, Secretary of Housing and Urban Development Ben Carson [directed the Federal Housing Administration \(FHA\)](#) to stop foreclosures and evictions for 60 days, starting on March 18. The FHA is encouraging its servicers to offer distressed borrowers a full range of loss mitigation options, including short and long-term forbearance options and other mortgage modifications.

McWilliams asks FASB to postpone CECL implementation

Yesterday, Federal Deposit Insurance Corporation (FDIC) Chairman Jelena McWilliams [wrote to the Financial Accounting Standards Board \(FASB\)](#) to ask them to make changes in response to the COVID-19 outbreak, including exempting COVID-19-related loan modifications from classification as troubled debt restructuring (TDR) and delaying the implementation of the current expected credit loss (CECL) standard. She urged FASB to allow banks that are currently subject to CECL to have the option of postponing its implementation, in order "to better focus on lending to creditworthy households."

FDIC seeks comment on proposed requirements for industrial banks

And yet the regulatory process continues. On Wednesday, the FDIC published a [notice of proposed rulemaking](#) that would set conditions and requirements for applications by industrial banks (IBs) or industrial loan companies (ILCs) that would result in the institution becoming a subsidiary of a company that is not subject to consolidated supervision by the Federal Reserve Board. Chairman McWilliams, noting that IBs and ILCs have existed in the US for more than a century, said that the proposal would codify a number of requirements the FDIC has set on a case-by-case basis in the past. She said it would provide transparency for future applicants, and ensure that all parents of IBs approved for deposit insurance in the future would be subject to these requirements. The proposal will be open for comment for 60 days once it appears in the Federal Register.

Confirmations, Nominations, Departures, etc.

Rep. Dan Lipinski (D-IL) lost Tuesday's Democratic primary election to Marie Newman, founder of the nonprofit organization "Team Up to Stop Bullying."

Next Week in Washington

No House committee hearings are scheduled for next week, and the only hearing scheduled in the Senate is an Armed Services Committee hearing that will almost certainly be canceled. The Senate is expected to vote as soon as Monday on the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The Ellis Insight

Jim Ellis reports on political news

President

March 17th: Voters in three states cast their ballots for the Democratic presidential nomination yesterday, and former Vice President Joe Biden easily won in Florida (62-23%) and Illinois (59-26%), while his victory percentage dipped to 44-31% in Arizona.

In the delegate count, largely because of his huge landslide in Florida, Mr. Biden captured approximately 66% of the available delegates last night, putting him on a clear course to win the party nomination on the first ballot at the Democratic National Convention in July. Ohio, which was also supposed to vote yesterday, postponed its primary because of COVID-19 precautions. It will likely now be scheduled for June 2nd.

Joe Biden: In last Sunday's debate with Sen. Bernie Sanders (I-VT), former Vice President and presumed 2020 nominee Joe Biden committed to choosing a woman as his running mate. Therefore, the speculation about just which woman will be chosen can now begin in earnest. Early betting surrounds either Sen. Amy Klobuchar (D-MN) or former Georgia gubernatorial nominee Stacey Abrams.

Connecticut: Gov. Ned Lamont (D) announced yesterday that he will move the state's stand-alone presidential primary from April 28th to June 2nd. The Connecticut presidential vote is not likely to make a difference either at the end of April or in early June. With former Vice President Joe Biden already effectively clinching the nomination, many of the late primaries will be pro forma. Connecticut has 60 bound first ballot delegates.

Georgia: Georgia election officials have moved their stand-alone March 24th presidential primary to May 19th, the date of the regular Georgia state primary. They say it is a response to the COVID-19 virus, but with the Democratic race being all but over, it made little sense to hold two statewide elections within three weeks of one another.

Louisiana and North Dakota: Election officials in Louisiana announced on Friday that the April 4th presidential primary has been postponed to a future date in response to the COVID-19 virus. No subsequent date has yet been decided. The North Dakota Democratic Party has also announced that next weekend's state party convention has also been postponed to an uncertain future date.

Senate

Alabama: Gov. Kay Ivey (R) announced this week that the state will move the Alabama runoff elections for affected races from March 31st all the way to July 14th as a result of

COVID-19 precautions. The move may help former US Attorney General and ex-Senator Jeff Sessions rebound in his Republican runoff race with retired Auburn University head football coach Tommy Tuberville.

Placing a close second to Tuberville in the March 3rd primary, Mr. Sessions has been consistently trailing in the most recent polling. The runoff decision also affects the Republican and Democratic runoffs in open Congressional District 1, and the GOP secondary election in open Congressional District 2.

While a series of polls have projected retired Auburn University head football coach Tommy Tuberville as having a definitive lead over former US Attorney General and ex-Alabama Sen. Jeff Sessions in the Republican runoff election, a group of organizations announced their support for the latter man. Eagle Forum, the National Rifle Association, and the Alabama Forestry Association all publicly declared their support for Mr. Sessions. The runoff winner faces Sen. Doug Jones (D) in November.

Arizona: Univision and Arizona State University is out with an online poll (3/3-4; 1,036 AZ registered voters) that finds retired astronaut Mark Kelly (D) opening up a twelve-point, 48-36%, lead over appointed Sen. Martha McSally (R) for the coming special election later this year. Almost 50% of the polling sample (502 of 1,036) are Latino voters, however, thereby skewing the sample Democratic. Other pollsters, while showing a Kelly lead, project a much closer split.

The Arizona Hispanic population is 31.6% according to the latest US Census estimates. Among Hispanics in this poll, Kelly leads 56-20%. White voters favor Kelly 46-42%.

Colorado: Former Gov. John Hickenlooper's campaign announced mid-week that their candidate has officially qualified for the Colorado primary ballot via the signature route. Therefore, Mr. Hickenlooper, somewhat surprisingly, said he will not participate in the Democratic state convention. Conversely, his principle primary opponent, former state House Speaker Andrew Romanoff, will attempt to qualify through the convention process. The eventual Democratic nominee faces Sen. Cory Gardner (R) in the fall campaign.

Georgia: The Atlanta Journal Constitution released a statewide Georgia Democratic primary poll where first term Sen. David Perdue (R) is seeking re-election. According to the survey (3/4-14; 807 GA likely Democratic primary voters), journalist and former congressional candidate Jon Ossoff leads the field of seven candidates with 29% preference. Former Columbus Mayor Teresa Tomlinson is second with 15% just barely ahead of 2018 Lt. Governor nominee Sarah Riggs Amico who posted 14% support. The Georgia primary is May 19th.

Illinois: Because Ohio postponed its vote, Illinois is the only one of the March 17th voting states to hold its full statewide primary. While Sen. Dick Durbin was unopposed in the Democratic primary, Republican voters chose former Lake County Sheriff Mark Curran to challenge the incumbent in the general election. Mr. Curran defeated a field of four other GOP candidates with slightly under 42% of the vote. The Illinois general election is not expected to be competitive, however, as Sen. Durbin is projected to cruise to a fifth term in November.

Montana: Gov. Steve Bullock (D) filed to challenge Sen. Steve Daines (R) on the final day of the candidate qualifying (March 9) and is already in a dead heat race with the incumbent according to the first published poll of the new contest. Public Policy Polling, surveying for the progressive left group, End Citizens United (3/12-13; 903 MT registered voters) finds the two statewide elected officials tied at 47% apiece. Sen. Daines has a favorability ratio of 45:42% favorable to unfavorable, while Gov. Bullock's numbers are a slightly better 49:40%. Consistent with the others, President Trump's job approval is 50:46%.

House

California: With still approximately a half-million votes remaining to be counted in California's laborious post-election verification and tabulation system at the beginning of this week, two more congressional district finalists have been declared.

In Orange County's 45th District, freshman Rep. Katie Porter (D-Irvine) will officially face Mission Viejo City Councilman Greg Rath (R) in what promises to be a competitive race.

In San Diego County's 53rd CD, a double-Democrat general election will occur to replace retiring Rep. Susan Davis (D-San Diego). It has been determined that San Diego City Council President Georgette Gomez (D) has clinched the second general election ballot position, and she and former State Department official Sara Jacobs (D) will vie for the seat in November.

FL-15: Freshman Rep. Ross Spano (R-Dover/Lakeland), who is under investigation over certain loans provided to his 2018 campaigns, transactions that the Congressman admits may have been mistakes, has now attracted a serious Republican primary challenger. Late this week, Lakeland City Commissioner Scott Franklin, a retired Navy aviator, announced his congressional campaign. The Florida primary in August 18th and we can expect this particular race to become competitive.

IL-3: Veteran eight-term Illinois Congressman Dan Lipinski (D-Western Springs) failed in his bid for re-nomination yesterday, as the 3rd District Democratic electorate chose a candidate to his left, media consultant Marie Newman. The challenger was victorious 47-45% over incumbent Lipinski, a margin of 2,365 votes with almost all precincts reporting. In 2018, Newman fell three points short of victory but was able to turn the tide in this election. She will be a lock to win the general election in November.

Rep. Lipinski is the first incumbent to lose re-nomination so far this year. Ms. Newman outspent the incumbent approximately \$2 million to \$1.5 million from their respective campaign accounts. It appears another \$3 million was spent from outside organizations, but the support/oppose ratio is unclear at this writing.

Illinois: With the Illinois primary now in the books, it is clear that rancher Mary Miller (R) will succeed retiring Rep. John Shimkus (R-Collinsville) in the sprawling 15th District. Ms. Miller, in spending only about \$300,000, rode to a 57.5% victory against three other Republican candidates. She will now face Mattoon School Board member Erika Weaver in a district that will overwhelmingly favor the GOP (Trump '16: 71%).

Elsewhere, former state Representative and 2018 gubernatorial candidate Jeanne Ives (R) will challenge freshman Rep. Sean Casten (D-Downers Grove) and frequent candidate Jim Oberweis, now a state Senator, won the crowded field Republican nomination to oppose freshman Rep. Lauren Underwood (D-Naperville) in the general election. Both Democratic incumbents are favored to win re-election.

We will also see a strong re-match as Democrat Betsy Dirksen Londrigan was an easy winner in her primary race. She will again oppose Rep. Rodney Davis (R-Taylorville) in a downstate 13th District campaign that was decided by less than a full percentage point in 2018.

IA-1: Freshman Rep. Abby Finkenauer (D-Dubuque) unseated two-term Rep. Rod Blum (R) in 2018 and she can expect a tough re-election battle in the fall. Republicans were successful in recruiting their top prospect to make the challenge, state Rep. Ashley Hinson (R-Marion) who is a former television news anchor. A new Public Opinion Strategies survey for the National Republican Congressional Committee (3/3-5; 400 IA-1 likely general election voters) finds the race already becoming tight. The ballot test finds Rep. Finkenauer clinging to only a 45-44% lead.

MT-AL: The Public Policy Polling survey mentioned above (see MT-Senate) also tested the open at-large congressional district that most likely will feature State Auditor Matt Rosendale (R) and former state Rep. Kathleen Williams (D). Both have partisan primaries to be decided on June 2nd, but each is expected to become the respective standard bearer. The PPP numbers find Mr. Rosendale and Ms. Williams to be locked in a toss-up open seat campaign. According to the poll results, the two are deadlocked at 45% apiece.

Both Mr. Rosendale and Ms. Williams were in competitive 2018 races. The former lost to Sen. Jon Tester (D), 50-47%, while Ms. Williams fell to at-large Rep. Greg Gianforte (R-Bozeman) 51-46%. This year, Mr. Gianforte is running for Governor, hence the congressional seat becoming an open race.

TX-2: Though Navy veteran Elisa Cardnell had qualified for the Democratic run-off in order to face freshman Rep. Dan Crenshaw (R-Houston), she has already conceded the party nomination to opponent Sima Ladjevardian and has requested that the Texas Secretary of State remove her name from the May 26th runoff ballot. Ms. Cardnell's action is within the legal withdrawal period, so there will be no Democratic runoff in this district and Ms. Ladjevardian, an attorney and campaign advisor to former Congressman and presidential candidate Beto O'Rourke, becomes Mr. Crenshaw's opponent in November.

TX-17: The Texas Republican runoff in the state's 17th CD moves forward, and former Congressman Pete Sessions, attempting a comeback in a new district in returning to his boyhood home of Waco, received the endorsement of businessman George Hindman, the third place finisher in the March 3rd primary.

Mr. Sessions placed first with 32% of the vote followed by businesswoman Renee Swann, who is endorsed by outgoing Congressman Bill Flores (R-Bryan/College Station). She recorded 19% preference, as compared to Mr. Hindman's 18% support. Combined with Sessions' percentage, the two would equal a majority. The Texas runoff is May 26th. The GOP nominee becomes the prohibitive favorite in the general election.

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