

The background of the entire slide is a stylized American flag. It features a solid red field with white stars in the upper left corner and wavy white stripes across the rest of the image. The stars are five-pointed and arranged in a grid-like pattern.

Holland & Knight

AN OVERVIEW OF WHAT TO EXPECT FROM

**THE TRUMP ADMINISTRATION
AND THE 115th CONGRESS**



Rich Gold

Opening Remarks and Agenda

- » Outlook for the Hill (Panel Discussion)
- » Energy and Environment
- » Infrastructure and Transportation
- » Tax Reform; Economic Development; Labor, Trade
- » Immigration; Homeland Security
- » Financial Services
- » Healthcare Reform/FDA
- » Outlook for Local Governments
- » Education
- » Native American Affairs



Paul Bock



Kathryn Lehman



Kerry Feehery

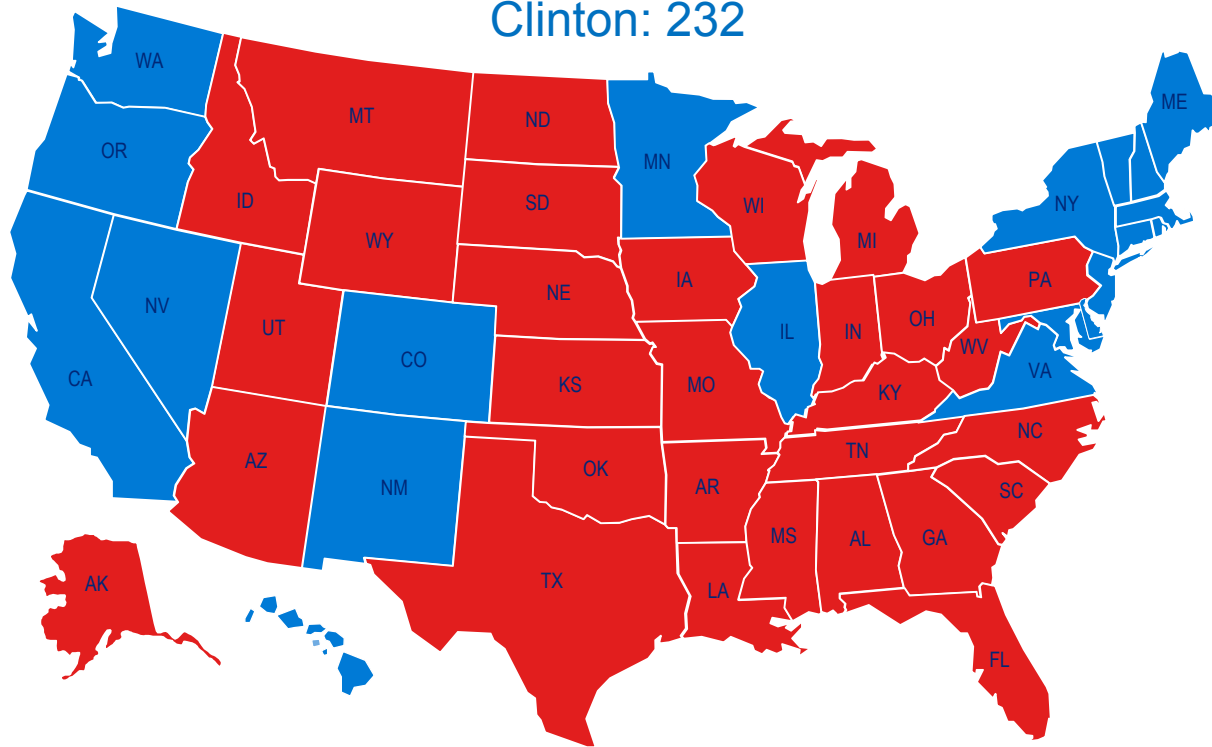
Outlook for the Hill: Election Results - Presidential

Donald Trump Elected 45th President of the United States
Mike Pence Elected Vice President

Final Electoral College Results

Trump: 306

Clinton: 232



Outlook for the Hill (continued)

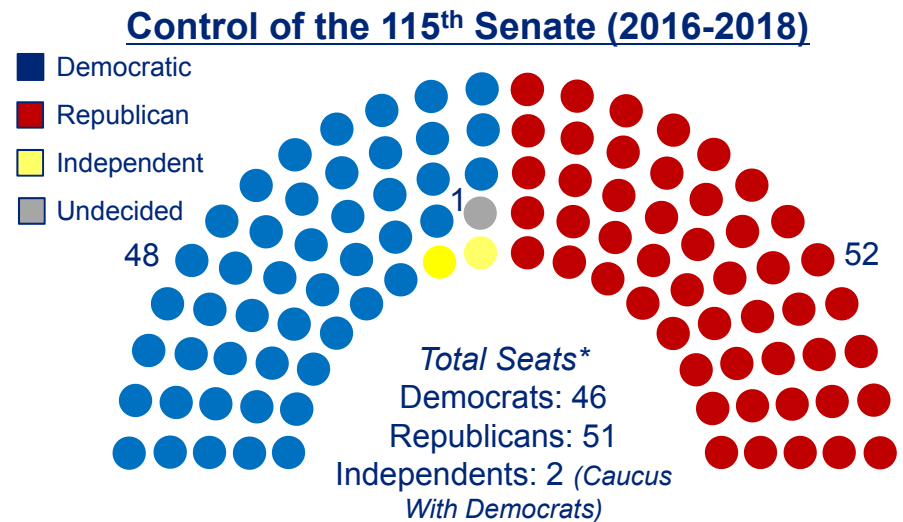
Senate and House Composition

» Senate: Republicans Retained Thin Majority

- Senate Republicans still need 8 Democrats to get to 60 for procedural votes, but nevertheless are poised to try and move key Administration priorities with control of two branches
- *Louisiana seat faces a December runoff

» House: Republicans Maintained Their Majority

- Democrats had a net gain of 6 seats
- Republicans gained 3 and lost 9 incumbents (as of print)
- 218 needed for chamber majority
- *Republicans will likely win the two outstanding Louisiana seats



With 3 races outstanding:
Republicans = 239* seats
Democrats = 193 seats

Source: National Journal Research; CNN Election Center; Associated Press; NBC News.

Outlook for the Hill (continued)

New Congress – Leaders and Committee Chairs

» **New Senate Committee Chairs:**

- John Barrasso (WY) – *Environment and Public Works (EPW) Committee*
- Mike Crapo (ID) – *Banking, Housing, and Urban Affairs Committee*
- Richard Shelby (AL) – *Rules and Administration Committee*

» **New Senate Committee Ranking Members:**

- Chuck Schumer (NY) – *Minority Leader*
- Patrick Leahy (VT) – *Appropriations Committee*
- Dianne Feinstein (CA) – *Judiciary Committee*
- Tom Carper (DE) – *Environment and Public Works (EPW) Committee*
- Claire McCaskill (MO) – *Homeland Security and Governmental Affairs Committee*
- Tom Udall (NM) – *Indian Affairs Committee*
- Mark Warner (VA) – *Intelligence Committee*
- Bob Casey (PA) – *Aging Committee*
- Chris Coons (DE) – *Ethics Committee*
- Amy Klobuchar (MN) – *Rules Committee*
- Jon Tester (MT) – *Veterans Affairs Committee*

» **New House Committee Chairs:**

- John Shimkus (IL) or Greg Walden (OR) – *Energy and Commerce*
- Rodney Frelinghuysen (NJ) – *Appropriations Committee*
- Phil Roe (TN), Gus Bilirakis (FL), or Doug Lamborn (CO) – *Veterans Affairs Committee*
- Virginia Foxx (NC) – *Education and Workforce Committee*
- *Budget Committee – open (Tom Price went to HHS)*
- *Homeland Security Committee – could be open if McCaul goes to DHS*

» **New House Committee Ranking Members:**

- Mark Takano (CA) or Tim Walz (MN) – *Veterans Affairs Committee*
- Bobby Scott (VA) or Jared Polis (CO) – *Education and Workforce Committee*
- John Yarmuth (KY) or Tim Ryan (OH) – *Budget Committee*

Outlook for the Hill (continued)

Administration Transition

Leadership and Cabinet Appointees

- » **White House COS:**
 - Reince Priebus, Chair of RNC
- » **White House Chief Strategist:**
 - Stephen Bannon, Chair of Breitbart News
- » **Attorney General:**
 - Jeff Sessions, U.S. Senator from AL
- » **National Security Advisor:**
 - Michael Flynn, Former Director of DIA
- » **White House Counsel:**
 - Donald McGahn, Jones Day Partner
- » **CIA Director:**
 - Mike Pompeo, U.S. Congressman from KS
- » **Education Secretary:**
 - Betsy DeVos
- » **HHS Secretary:**
 - Tom Price, U.S. Congressman from GA
- » **DOT Secretary:**
 - Elaine Chao, Former DOL Secretary under George W. Bush
- » **Commerce Secretary:**
 - Wilbur Ross, Investor
- » **Treasury Secretary:**
 - Steve Mnuchin, Trump Finance Chair

Potential Leadership and Cabinet Appointees

- » **Defense Secretary:**
 - Stephen Hadley, Former National Security Advisor
 - James Mattis, Ret. Marine General
- » **State Department:**
 - Mitt Romney, 2012 Rep. Presidential Candidate
 - Rudy Giuliani, Former NY Mayor
 - David Petraeus, Ret. Army General, Former CIA Director
- » **Energy Secretary:**
 - Harold Hamm, Bakken Oil Developer, »
Romney Energy Advisor
 - Robert Grady, Venture Capitalist
- » **Interior Secretary:**
 - Forrest Lucas, Founder of Lucas Oil
 - Robert Grady, Venture Capitalist
 - Jan Brewer, Former Gov. of AZ
 - Mary Fallin, Gov. of OK
- » **OMB Director:**
 - Sen. Tom Coburn, Former U.S. Senator from OK
 - Eric Ueland, Rep. Staff Director, Senate Budget Committee
- » **USDA Secretary:**
 - Sonny Perdue, Former Gov. of GA
 - Sam Brownback, Gov. of KS
 - Chuck Conner, Deputy Secretary of USDA under George W. Bush
 - Dave Heineman, Former Gov. of NE
- » **DHS Secretary:**
 - Michael McCaul, U.S. Congressman from TX
 - Kris Kobach, Secretary of State in KS
 - David Clarke, Sheriff, Milwaukee, WI
- » **HUD Secretary:**
 - Ben Carson, 2016 Rep. Presidential Candidate
- » **Labor Secretary:**
 - Victoria Lipnic, Commissioner of the EEOC
- » **EPA Administrator:**
 - Myron Ebell, Competitive Enterprise Institute
 - Robert Grady, Venture Capitalist
 - Jeffrey Holmstead, Former Deputy EPA Administrator
- » **VA Secretary:**
 - Scott Brown, Former Senator from MA
 - Jeff Miller, Ret. Chairman, House Veterans Affairs Committee

Outlook for the Hill (continued)

New Administration Priorities & Important Dates

» Priorities and First 100 Days

- Potential Infrastructure Package
- Focus on Obamacare/Dodd-Frank Rollbacks, Reforms
- Immigration Reform
- Potential SCOTUS Nomination
- Corporate Tax Reform
- Lift Restrictions on Energy Production

» Important Dates

- **Jan. 20, 2017:** 45th president-elect's inauguration at noon
- **Feb. 6, 2017:** President is required by Public Law 101-508 to submit a budget request by the first Monday in February; there's no penalty for missing the deadline
- **Feb. 15, 2017:** Congressional Budget Office (CBO) is required to release its annual budget estimate
- **March 15, 2017:** Debt ceiling comes back into effect; when borrowing authority has lapsed in the past, the Treasury Department has used so-called extraordinary measures to avoid defaulting on government obligations

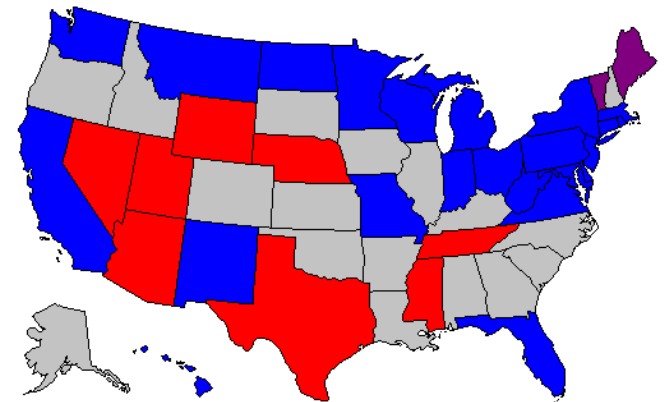
» Legislation to Be Considered in 115th Congress:

- 2017 Appropriations – March or end of CR
- Career and Technical Education (CTE) Reauthorization
- Perkins Career Technical Education Reauthorization
- Higher Education Reauthorization
- U.S. Fire Administration, Assistance to Firefighter Grants Reauthorization
- Staffing for Adequate Fire and Emergency Response Grants Reauthorization
- Prescription Drug User Fee Act – expires Sept. 30, 2017
- Generic Drug User Fee Act
- Biosimilar User Fee Act
- Medical Device User Fee Act
- Children's Health Insurance Program (CHIP) – expires Sept. 30, 2017
- FAA Reauthorization – expires Sept. 30, 2017 – and other related issues

Outlook for the Hill (continued)

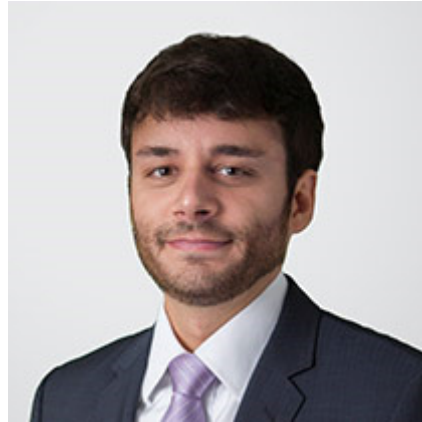
2018 Elections & Things to Watch

- » **33 U.S. Senators Up For Re-election in 2018:** 23 Democrats, two Independents who Caucus with Democrats and eight Republicans
- » **Vulnerable Senate Seats:** Joe Donnelly (D-IN); Claire McCaskill (D-MO); Jon Tester (D-MT); Heidi Heitkamp (D-ND); Joe Manchin (D-WV); Bill Nelson (D-FL); Sherrod Brown (D-OH); Tammy Baldwin (D-WI); Tim Kaine (D-VA)



Things to Watch:

Trump/Pence relationship with Congress
New dynamic between McConnell and Schumer
"Never Trumpers" in Senate
Navigating the new normal
Early Trumpers in House



Dimitri Karakitsos



Ben Dunham



Beth Viola

Energy and Environment

Energy

- » Federal approach to energy under the Trump Administration
 - Core agencies: Environmental Protection Agency (EPA), Department of Energy (DOE), Department of the Interior (DOI)
 - Department of Defense (DOD): focus on national security and mission assurance
- » Big Picture: push for complete energy independence
 - Energy infrastructure: Keystone XL, Dakota Access
 - Opening federally protected lands
 - Reduced federal oversight
 - SEC Disclosure Rule, which requires energy companies to report payments to foreign governments
 - Methane regulation: BLM-issued final rule from November on methane and flaring, EPA regulation
 - Repeal of BLM-issued rule on hydraulic fracturing
 - Research and commercialization funding for carbon capture and sequestration (CCS) technology
- » Energy initiatives in question
 - Federal support for renewables
 - Executive Order on Federal Sustainability
 - Renewable Fuels Standard

Energy and Environment (continued)

Climate Change

- » Big Picture: Trump's position on climate change?
 - Global engagement
 - Domestic engagement
- » Trump Administration will review U.S. involvement in Paris Agreement
 - Trump has stated he has an “open mind” about the Paris Agreement
 - If the U.S. withdraws:
 - Option 1: Four-year timeline to pull out of Agreement
 - Option 2: Pull out of UNFCCC altogether
 - Option 3: Cripple U.S. financial commitments by ending payments to Green Climate Fund
- » EPA reform is on Trump's agenda, but not in the first 100 days plan
 - Clean Power Plan
 - Social cost of carbon
 - 2007 Endangerment Finding, which established greenhouse gases as pollutants, may be revisited

Energy and Environment (continued)

Environmental

» TSCA Implementation

- EPA to begin evaluations of the first ten chemicals and complete required rulemakings

» Regulatory reform

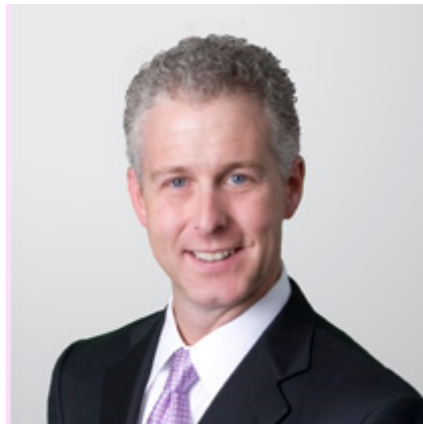
- RNC platform: shift power back to states
- REINS Act
- Softening or rollback of:
 - Waters of the U.S. Rule, which governs the jurisdiction of the Clean Water Act
 - NEPA
 - Endangered Species Act
 - Stream Protection Rule
- EPA may initiate a formal reconsideration of the U.S.'s ozone-standard setting process

» Congress and the new Administration

- New leadership
- Budget and appropriations
- Energy bill
- WRDA with coal ash permit program



Michael Friedberg



David Whitestone



Shawna Watley

Infrastructure and Transportation

President-Elect Trump's Trillion Dollar Infrastructure Package

- » Transportation Infrastructure
 - Highways, bridges, rail, airports
 - PPPs
 - Fast Act implementation (fate of current grant programs)
- » Energy Infrastructure
 - Pipelines
 - Grid updates and modernization with focus on grid security
- » Water infrastructure
 - Clean Water and Safe Drinking Water State Revolving Loan Fund programs
- » Telecommunications Infrastructure
 - Rural focused (Broadband)
- » Financing Mechanisms (Someone has to pay!)
 - Tax Credits
 - Tolls
 - PPPs
 - Government Bonds
 - Infrastructure Banks
 - Repatriation

Infrastructure and Transportation (continued)

View from the 115th Congress

- » Both Chambers in the 115th Congress have stated that infrastructure legislation could be a priority for GOP Congressional Leadership.
- » Allies on any infrastructure bill would need to include House Transportation Chairman Bill Shuster (R-PA), and Senator Jim Inhofe (R-OK). Both law makers have successfully built broad bi-partisan support for infrastructure measures in recent years. However, Senator John Barrasso (R-WY), will be the new Chair of EPW and will need to carry the water to move legislation forward.
- » Any bill proposed would have to include spending offsets.
- » The essential question is how to pay for such projects. Some suggestions include bonds, enhanced revenues from tax reform, some hoped for a hike in the federal gasoline tax.
- » It's been 23 years since Congress last increased the gasoline tax.
- » Republicans historically have had concerns about how quickly infrastructure projects can be realized.
- » Members may seek to build on changes made to the federal permitting process in the two most recent surface transportation bills.
- » Congressional support on both sides of the aisle would like to push for action within the first few months of the Trump Administration.

Infrastructure and Transportation (continued)

View from the 115th Congress

- » House Minority leader Nancy Pelosi stated that the party wants to work with President-Elect Trump to push a very fast bill.
- » FAA Bill may be considered in the 115th Congress
 - Air Traffic Control organization
 - Aviation finance (PFC, AMT, tax advantaged investment)
 - Aircraft noise resulting from satellite-based air traffic control
 - Recall PEOTUS law suit in Florida
 - Management of orbital (space) traffic and launch
- » Traditionally, infrastructure has been a bipartisan issue in both the House and Senate. The FAST Act and WRDA passed by large bipartisan margins. House Minority leader Nancy Pelosi that the party wants to work with President-elect Trump to push a large infrastructure bill quickly.
- » Any bill proposed would have to include spending offsets.
- » The essential question is how to pay for infrastructure legislation. Suggestions include bonds, enhanced revenues from tax reform.
- » Would need to win over the fiscally conservative Republicans—some have concerns about how quickly infrastructure projects can be realized.

Infrastructure and Transportation (continued)

View from the 115th Congress

Action Next Year in Congress:

- » Federal Aviation Administration (FAA) reauthorization
- » Coast Guard and MARAD reauthorization
- » FAST Act implementation hearings
- » Surface Transportation Board (STB) nominations

Infrastructure and Transportation (continued)

Regulations to be Considered

- » STB Reciprocal Switching Proposal
- » Past regulations deemed onerous and unnecessary
- » Federal Motor Carrier Safety Administration (FMCSA)/National Highway Traffic Safety Administration (NHTSA) speed limit devices on heavy-duty trucks
- » Drones
- » DOT passenger protection



Joel Roberson



Kathleen Nilles



Nicole Elliott



Ron Oleynik

Tax Reform

- » With Trump's electoral victory and the retention of Republican control in the Senate, Congress is now well-positioned (finally) to do tax reform.
 - President-elect Trump strongly favors the same kind of rate reducing, base broadening tax reform that most Republicans appear to want.
 - The House has been working on tax reform for years, and now Speaker Ryan and Ways and Means Chair Brady are working closely together.
 - Senate also interested in moving tax reform (but more on a bipartisan basis, with both Senate Finance Chair Hatch and Senator Wyden having input).

Tax Reform (continued)

Key Trump Advisers and Individual Tax Priorities

- » Top transition tax advisers for President-elect Trump
 - Jim Carter (in-house lobbyist for Emerson)
 - Devin Nunes (W&M member and author of tax bill)
 - Stephen Moore (Heritage Foundation economist)
- » Trump's individual tax reform priorities, initially more generous, are now the same as those of the House Blueprint
 - three brackets of 12%, 25% and 33%
 - three capital gains brackets, with a top rate of 20%
 - large increases in standard deduction and repeal of marriage penalty
 - repeals the estate tax

Tax Reform and Economic Development (continued)

Business Tax

- » Reduced rates for pass-through entities and sole proprietors*
- » Reduced corporate rates*
- » Repeal of corporate AMT
- » Allowing immediate write-offs for business investments*
- » Limitations on deducting business interest*
- » Changes to the deduction of net operating losses (some liberalizing, some more restrictive)*
- » Elimination of special interest deductions and credits* with exception of research and development

**Items are starred to denote at least some disagreement in approaches between President-elect Trump and the Blueprint set forth by the House Ways and Means Committee.*

Tax Reform (continued)

International Tax

- » Movement from worldwide taxation to a territorial system
 - Companies would therefore only pay tax to the U.S. government on U.S.-source income.
 - Territorial system is used in vast majority of countries – the U.S. is the only G7 country that imposes a worldwide system.
- » Repatriation tax on accumulated foreign earning
 - House Ways and Means - Tax of 8.75% for cash and 3.5% for everything else payable over eight years.
 - President-elect Trump - Tax of 10% payable over 10 years.
- » House proposes border tax adjustments whereby imported goods are subject to a tax (equal to the corporate tax rate), but revenues from exports are exempt.

Tax Reform (continued)

Timing and Opportunity to Influence Tax Reform

- » The House is drafting legislation based on Blueprint, but is still open to new ideas.
- » If you have something you want in tax reform, the time is now.
- » What about the extenders? Of particular concern to many of our clients is the fate of the many temporary tax provisions, such as those providing incentives for renewable energy and alternative fuels.
- » Another big question mark is what tax reform will mean for:
 - State, local and tribal government (possible cutback of tax-exempt financing);
 - Nonprofit organizations (devaluation of charitable deduction and bequests); and
 - Industries that have benefited from targeted tax breaks
- » Timing - House likely to take legislative action “early” in 2017; Senate timing is still uncertain.

Labor

Potential Reversal of Labor Rules and Decisions

DOL Overtime Rule

- » Beginning December 1st, the overtime rule would have required businesses to pay overtime to 4.2 million employees making up to \$47,476 per year
- » On November 22nd, a U.S. District Court temporarily blocked the overtime rule
- » The courts, the President-elect or Congress will likely reverse or revise this rule

DOL Persuader Rule

- » Beginning July 1st, the persuader rule required disclosure of labor consultants hired
- » On November 16th, a U.S. District Court permanently blocked the persuader rule

NLRB Representation Case Rules and Joint Employer Decisions

- » In April 2015, NLRB representation case rules eased the process to unionize
- » In August 2015, NLRB decided the *Browning-Ferris* case creating joint liability for companies and their subcontractors where they exercise “indirect control”
- » President-elect Trump can nominate new members to the NLRB to provide new direction

Trade

Multilateral Trade Agreements

- » Trump has been critical of multilateral trade agreements, and is expected to measure the success of trade policy in terms of jobs, wages and trade balances
- » TPP
 - Now, pro-trade Republican and Democrats are unlikely to send Obama a lame duck implementation bill
 - Every indication is that Trump will not press forward with participation in TPP in current form
 - Longer term – the other 11 TPP members may move forward without the U.S.
- » TTIP
 - Negotiations are floundering on government procurement and geographic indicators (France is openly hostile)
 - Trump is unlikely to push for TTIP in current form
- » NAFTA
 - NAFTA's future is uncertain, but given the campaign rhetoric, Trump could attempt to link immigration reform with possible re-negotiation of trade terms with Mexico
- WTO
 - The Doha Round is unlikely to be on Trump's wish list
 - Trump is unlikely to show interest in further WTO trade negotiations during first the two years of his administration

Trade (continued)

China and Import Restrictions

- » China is central to U.S. popular concerns with the status quo on international trade
- » Whether wrong or right, trade with China is commonly blamed for loss of U.S. jobs and wage stagnation
- » Possible actions against China:
 - Direct Treasury Secretary to label China a currency manipulator
 - Direct the U.S. Trade Representative to bring trade cases against China, both in the United States and at the WTO
 - Application of tariffs consistent with Section 201 and 301 of the Trade Act of 1974 and Section 232 of the Trade Expansion Act of 1962
 - More robust use of AD/CVD investigations
 - Increased scrutiny of Chinese investments in U.S. companies through the Committee on Foreign Investment in the United States (“CFIUS”) process
- » Trump advisors may significantly influence U.S. policy on trade and China.
 - Dan DiMicco, a former Nucor CEO leading the trade transition team, has been openly critical of China

Trade (continued)

Sanctions

» Iran

- Trump has been critical of the nuclear deal (“JCPOA”).
- However, JCPOA was a multiparty deal, and the other countries show no interest in re-negotiation.
- European and Asian allies are already ramping up trade with Iran.
- Trump could merely direct OFAC to move much more cautiously in approving commercial aviation licenses.

» Cuba

- Trump himself was exploring the possibility of opening a hotel in Cuba; and has stated that he can get “a better deal.”
- However, Trump recently named Mauricio Claver-Carone as part of the transition team at Treasury. Claver-Carone has been one of the most active pro-Cuba embargo group advocates in Washington.
- Additionally, *The Washington Post* continues to be highly critical of the Cuban government’s lack of movement in human rights policy since the opening of U.S.-Cuba economic activity in January 2015.

» Russia

- The removal of U.S. economic sanctions is possible.
- Some European countries (especially Italy and Greece) also would like to see sanctions lifted.
- The last two U.S. presidents achieved disappointing results from diplomatic overtures with Russia.

Trade (continued)

International Relations and Diplomacy

» NATO and Russia

- NATO and EU countries are showing concern with Russian behavior in near abroad.
- Trump policy will be influenced by level of perceived Russian threat.

» East Asia

- Will Trump really put into questions Mutual Defense Treaties with Japan and South Korea?
- This could be more posturing for renegotiating trade issues.

» Re-ordering of Middle East commitments

- Paradox: reports that Trump will pursue closer relations with Sunni powers (Turkey, Saudi Arabia, Egypt) that have felt neglected by President Obama, while also collaborating with Russia against ISIS even though Russia's closest allies in region are Shi'a Iran and Syria.
- Trump's chief strategist has been condemned by the Anti-Defamation League while son-in-law and close adviser is an Orthodox Jew.



Chris DeLacy



Norma Krayem

Immigration, Border Security and Cybersecurity

Ten-Point Immigration Plan

1. Build a Wall on the Southern Border
2. End Catch-and-Release
3. Zero Tolerance for Criminal Aliens
4. Block Funding for Sanctuary Cities
5. Cancel Unconstitutional Executive Orders & Enforce All Immigration Laws
6. Suspend the Issuance of Visas to Any Place Where Adequate Screening Cannot Occur
7. Ensure that Other Countries Take Their People Back When We Order Them Deported
8. Finally Complete the Biometric Entry-Exit Visa Tracking System
9. Turn Off the Jobs and Benefits Magnet
10. Reform Legal Immigration to Serve the Best Interests of America and its Workers

Implementation

- » The Department of Homeland Security (DHS), Department of Justice (DOJ), Department of State (DOS), and Department of Labor (DOL) will all have significant roles in formulating and implementing immigration policy.
- » Within the Executive Branch, the White House traditionally leads and coordinates immigration policy development.
- » Much of this plan is already law, but under Obama, was not actively enforced. By cancelling President Obama's Executive Actions and issuing his own, many aspects of this policy could immediately take effect.
 - For example, President Obama used an Executive Action to define priorities for DHS, directing agents to pursue only public safety threats or convicted criminals. President-elect Trump could reverse this policy, and issue his own immigration enforcement policies.
- » Any new laws or policies that require funding necessitate Congress's approval.
 - For instance, funding additional DHS agents needed to enforce existing immigration laws could require securing Congressional approval.

Immigration, Border Security and Cybersecurity: Sanctuary Cities and Jurisdictions

- » “Sanctuary cities” and other sanctuary jurisdictions limit their cooperation with federal immigration authorities through local laws and policies that protect immigrants. For instance, certain sanctuary cities do not honor ICE detainer requests.
- » Under Obama, DOJ issued a memo finding that selected sanctuary jurisdictions’ laws and policies could violate federal immigration law.
- » The Trump Administration could seek to block federal funding to sanctuary jurisdictions, and DOJ could prosecute such jurisdictions for failing to obey federal law.
- » Senator Jeff Sessions has been nominated to serve as Attorney General under the Trump Administration.
 - Historically, Sessions has opposed sanctuary jurisdictions and has introduced legislation to improve enforcement of federal immigration measures.
 - Sessions also led opposition to 2007 and 2013 amnesty bills which, for instance, allowed for issuance of green cards to certain immigrants.

Immigration, Border Security and Cybersecurity: **Removing Illegal Immigrants and The Wall**

» Removing Illegal Immigrants

- It is very difficult to summarily remove any immigrants. There are judicial processes associated with the removal/deportation of illegal immigrants, including illegal immigrants convicted of crimes.

» Build a Wall on the Southern Border

- The first fencing between U.S. and Mexico was erected in the 1950's along the California border near San Diego.
- From 1990 to 1993, the Border Patrol in San Diego with the Army Corps of Engineers installed a fence to replace the 1950's fence.
- Illegal Immigration Reform and Immigration Responsibility Act of 1996 – Under the Clinton administration, additional “triple-layered” fencing was approved along the U.S.-Mexico border near San Diego.
- Secure Fence Act of 2006 – Congress authorized an additional 850 miles of “double-layered” fencing on the southern border.
- Consolidated Appropriations Act of 2008 – Requires DHS to construct another 700 miles of reinforced fencing along the southwest border at the Secretary's discretion.
- Today, just over 650 miles of either pedestrian or vehicle fencing has been installed.

Immigration, Border Security and Cybersecurity

Cybersecurity: Mainstream Economic, National and Homeland Security Priority for the Trump Administration

- » Both the Republican National Platform and Trump campaign emphasized cybersecurity as a priority. Platform focused on three tenets around security: “Building the Future; The Fourth Amendment: Liberty and Privacy; and Cybersecurity in an Insecure World”
- » Key issues include calling for the U.S. to take an offensive strategy against cybersecurity attacks "to avoid the cyber equivalent of Pearl Harbor." Supply chain issues, cyber workforce, cyber insurance and the right to "self-defense" against cyber attackers were also included in the platform.
- » National security and cybersecurity are core priorities for the Trump Administration.
- » Cybersecurity listed in Top Ten Action Items and priority for First 100 Days.
- » Approach will include DHS, DOD, DOJ, State and other agencies.
- » Cybersecurity was priority listed throughout campaign.
- » Uptick in nation-state attacks in 2016 increases focus on international norms and need for greater U.S. protections against cyber attacks.

Immigration, Border Security and Cybersecurity (continued)

Immigration Cybersecurity Policy Focus: Priority of First 100 Days Agenda for the Trump Administration

- » Immediate Call to Arms to Create Comprehensive Cybersecurity Plan
- » DOD, Joint Chiefs of Staff Called Out to Protect “Vital Infrastructure”
- » Focus on critical infrastructure sectors will continue:
 - Banking/Financial Services
 - Energy/Dams/Nuclear
 - Health
 - Transportation
 - Water/Wastewater
 - Chemical
 - Defense
 - Communications
 - Information Technology
 - Manufacturing
 - Food & Agriculture
- » **Cyber Review Team:** Mandate to look at existing cybersecurity vulnerabilities and integrate homeland, defense, law-enforcement and private sector integration.
- » **Role of Congress:** Expect increased focus by Members and Committees of jurisdiction, looking at existing policy and regulatory approaches to protecting critical infrastructure sector. Calls continue for creation of Cybersecurity Oversight Committees.

Immigration, Border Security and Cybersecurity (continued)

Increased Role of Cybersecurity in International Arena

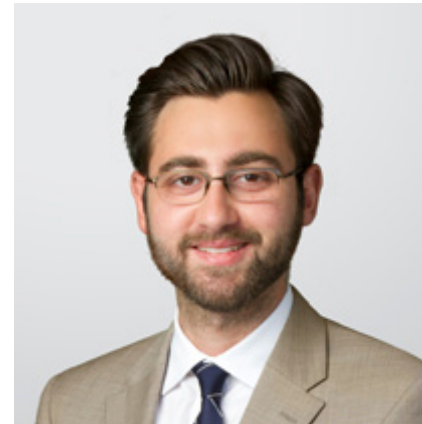
- » The U.S. has had a focused approach to bilateral and multilateral talks to discuss ways to create international norms and regulatory approaches to cyber.
- » Expect increased focus internationally by DOD, DOJ, State and DHS on these issues.
- » Increased role for DOD and Cyber Command in deterrence strategies and greater offensive/defensive roles for cybersecurity to deal with all attackers: nation-state, non-state, hacktivists, cyber criminals, etc.
- » President-elect Trump calls for the U.S. Department of Justice to create Joint Task Forces throughout the U.S. to coordinate Federal, State, and local law enforcement responses to cyber threats.
- » Expect greater focus on key sectors, offensive and defensive cybersecurity needs in global discussions in United Nations, G7, G20 and other multilateral arenas.



Paul Bock



Ron Klein



Paolo Mastrangelo

Financial Services

What's the big picture? Expect change and uncertainty

- » Global Uncertainty: World leaders and economists are uncertain as to the direction of the Trump Administration's financial market reforms.
- » Financial institutions and stakeholders may embrace the bulk of the eventual Administration's more deregulatory stance and approach....as long as it doesn't usher in populist change and policy.
- » Deliberated vs. Drastic Policy Shifts: Trump's campaign was light on policy proposals, but early signs point to a potentially significant shift in approach to regulation financial markets – with anything from freezing new or recently implemented regulations, repealing or scaling back Dodd-Frank, to restructuring the CFPB or the more drastic reinstatement of the division between commercial and investment banking.
- » The uncertainty and opportunity for Trump to reshape financial policy will also in large part be driven by a Republican Congress rife with opposing views on how to best regulate markets – and an extremely close Senate Republican majority with Democrats playing an active role in negotiations.
- » Regulatory Relief vs. Regulatory Reduction: Throughout the campaign, Trump emphasized his desire to reduce the amount and scope of federal regulations, even indicating that he believes two regulations should be eliminated for every new regulation that is adopted.
- » We expect Trump to nominate financial regulators who share his view about the costs imposed by excessive regulation.

Financial Services (continued)

What happens to Dodd-Frank?

- » Campaign Promise: Trump pledged during the campaign to repeal Dodd-Frank, though in comparison to trade and immigration, it wasn't a "cornerstone" of the potent populism on which he ran.
- » Transition Position: "The Dodd-Frank economy does not work for working people. Bureaucratic red tape and Washington mandates are not the answer. The Financial Services Policy Implementation team will be working to dismantle the Dodd-Frank Act and replace it with new policies to encourage economic growth and job creation."
- » Reality: Much of D-F, and its cornerstones, have already been implemented and digested by the financial market places. This will make "repeal and replace" costly, difficult to implement and perhaps even superfluous.
- » However, politically, Trump will need make some change to appease supporters, opponents, Congressional Republicans (and Senate Democrats).
- » Which Battles Will Be Fought?: Erasing Wall Street reforms may also be somewhat inconsistent with the core of Trump's message. Trump will have to carefully choose which battles are worth fighting. For example:
 - Easing regulations for community and regional banks could be easier.
 - Gutting or nixing the CFPB could be much more onerous.

Financial Services (continued)

Key Aspects of the Transition and New Administration

- » **Treasury Department:** The Trump transition team has appointed David Malpass as the director of agency action for the Treasury Department. Malpass is currently the president of Encima Global, an independent economic and market research to institutional investors. He also ran in the 2010 Republican primary for U.S. Senate in New York.
- » Top contender for Secretary is Steven Mnuchin, former Goldman Sachs Group, Inc., banker who became Trump's national campaign finance chairman in May.
- » Treasury will play a direct role in developing policies related to Dodd-Frank. It will also lead on developing potential corporate tax provisions that impact financial services– carried interest, tax deductibility (the former of which Trump supports repealing).
- » **Independent Financial Regulators:** The Trump team has appointed Paul Atkins as the director of agency action for the independent financial regulators, including the Federal Deposit Insurance Corporation (FDIC), the Commodity Futures Trading Commission (CFTC), and the Securities and Exchange Commission (SEC). Atkins is a former SEC Commissioner under President George W. Bush and is currently the CEO of Patomak Global Partners, a financial and regulatory consulting firm. Atkins is an outspoken critic of Dodd-Frank and the post-financial crisis regulations and will be leading this effort during the transition.
- » Independent regulators will play a significant role in the growing **FinTech space** and in defining the future regulatory environment for retail banks, online banks, traditional vs. peer-to-peer lenders and asset managers.

Financial Services (continued)

Key Aspects of the Transition and New Administration

- » Consumer Financial Protection Bureau: The future of the CFPB is in the crosshairs. It was created by Dodd-Frank to oversee consumer financial products— it has since drawn both criticism from industry and Republicans, and praise from the general public. Trump could potentially fire Director Cordray; and he could also use the legislative process to alter the agency's structure—making it more accountable to Congress. However, dismantling or weakening the CFPB could hurt Trump and Republicans politically with a broad swath of Americans who see the CFPB as the most public display of regulatory change since the 2008 crash.
- » Federal Reserve Bank: The Federal Reserve System chair is appointed by the President from among the members of the Board of Governors for a four-year term appointment. The current chair, Janet Yellen, was appointed in 2014, and will likely remain as Chair unless Trump decides otherwise. The appointments are subject to Senate confirmation. Because of timing, Donald Trump will have at least three first-term board appointments to make—and potentially a fourth. He will also likely keep the Vice Chair role, and reappoint someone to take over from Tarullo. Taken together, Trump and Congressional Republicans could use these appointments to dramatically shape the future of the bank's monetary and fiscal policies.
- » Department of Labor: Of notable interest to the asset management, investment advisors and brokerage communities, the Department of Labor (DOL) recently issued a wide-ranging conflicts of interest rule regarding the fiduciary duty created by providing retirement advice. Insurers, brokers and asset managers are pushing for the Trump administration to delay, modify, or abandon entirely the DOL fiduciary rule, which became effective in June. This has drawn significant legal challenges from industry and trade associations for undermining retirement interests.



Michael Werner



Rob Bradner

Health Care

Life Sciences FDA Forecast

- » Trump's "Contract with American Voters" says FDA reform is a priority to "include cutting the red tape at the FDA: there are over 4,000 drugs awaiting approval, and we especially want to speed the approval of life-saving medications"
 - VP Pence supports "Right to Try" bills; attempts in Lane Duck
 - Many people view FDA as an impediment to medical innovation
- » User fee legislation in 2017 provides a vehicle for legislative changes to FDA's review and approval process
 - Likely to be a partisan debate; support in the Republican caucus for FDA reforms
- » Medical Research – Unclear prospects though Trump has made negative comments; bi-partisan support for NIH
 - Money in 21st Century Cures may take the pressure off for big increases in NIH funding
- » New DHHS Secretary and FDA Commissioner will be key – appointments later in the year/January

Health Care (continued)

Life Sciences Drug Pricing Forecast

- » Drug pricing legislation
 - Direct regulation of price unlikely
 - Medicare negotiations; easing importation restrictions in play
 - Changing Part B reimbursement formula for biosimilars likely in play
- » Supported by Trump; bi-partisan support for some form of pricing regulation
- » Repeal of the Affordable Care Act
 - Creates the CMS “Innovation Center,” which is the focal point of alternative payment models
 - Not clear if the Innovation Center survives, and if it doesn’t, what happens to these functions

Health Care Reform Round 2

Repeal, Replace, Retain

» Repeal

- Repeal likely via budget reconciliation, but can't repeal everything
- Could be swift repeal with two year transition and effective date to enable time to figure out "replace" and enable continued coverage in the interim

Replace (look to House and Senate Republican proposals)

- Consumer empowerment (HSAs, HRAs)
- Health Care Backpack – portable universal refundable tax credit
- Cap exclusion from income of employer sponsored insurance
- Allow insurance across state lines
- Grandfather Medicaid expansions, but phase down enhanced match; block grants or per capita allotments

Health Care Reform Round 2 (continued)

Retain

- » Quality and value based payment changes
- » Provisions everyone loves – ban on pre-existing exclusions and kids under 26 on parent plan
- » *House v. Burwell* – House requested delay to enable Trump Admin to withdraw appeal
- » Executive Orders – except a multitude of orders to be rescinded
- » Open Questions
 - CMMI
 - MACRA
 - Medicare Advantage
 - Other Medicare structural changes – e.g. combining Parts A and B, premium supports, etc.

Health Care (continued)

Other Health Care Issues for 2017

- » Children's Health Insurance Program Reauthorization
- » Community Health Center Reauthorization
- » Medicaid DSH Cliff
 - \$2B in FY2018, rising to \$8B in 2024
- » Medicare Extenders
 - Medicare Work GPCI
 - Therapy Cap Exceptions Process
 - Ambulance add-ons
 - Low-volume hospital adjustment
 - Medicare dependent hospitals
 - MA special needs plans
 - Medicare cost contract plans
 - NQF and pre-rulemaking process
 - Outreach and assistance for low-income programs
 - Medicare Home Health Rural



Lisa Barkovic



Leslie Pollner

Outlook for Local Governments

Key Challenge: Bridging the Urban-Rural Divide

» Infrastructure

- Transportation, water infrastructure, housing, schools
- Infrastructure deficit is large and needs/priorities vary from city to city
- Tax breaks versus direct spending

» Tax Reform

- In part, will be used to fund infrastructure package
- On the table for consideration:
 - Tax-exempt status on municipal bonds
 - Expansion of New Markets Tax Credit, Low Income Housing Tax Credit

» Housing

- At stake: fair housing rules, federal funding for affordable housing, CDBG
- Emphasis may be on market solutions

Outlook for Local Governments (continued)

» Immigration

- Proposed eliminating all federal funding to sanctuary cities
- Possible combination of executive orders and legislation developed in coordination with Congress
- Proposed deputizing local police officers to enforce immigration
- Likely to rescind the Deferred Action for Childhood Arrivals program (DACA); enact immigration ban for certain countries

» Public Safety

- Rescind Obama executive order, which imposed limits on federal surplus equipment purchases by local law enforcement
- End the Priority Enforcement Program (PEP)
- Potentially restore Project Safe Neighborhoods
- Task force on violent crime and increase in federal funding

» Affordable Care Act

- Repealing could shift emergency care treatment for uninsured back to cities and urban counties

Outlook for Local Governments (continued)

- » Climate Change and Clean Energy
 - Favors leaving energy and climate regulations to states
 - Backing out of Paris Climate Agreement
 - Undoing Obama Administration rules



Jennifer McGee



Dan Maldonado

Education (continued)

President-elect Trump's Pre-K – 12 Education Policy

- » **“The School Choice and Education Opportunity Act”:** A \$20 billion block grant to the states to achieve this goal. Trump will ask states to collectively contribute another \$110 billion of their own education budgets toward school choice.
- » **Common Core:** An end to Common Core Standards and bring education supervision to local communities.
- » **Every Student Succeeds Act (ESSA) Implementation:** States will have a great deal of flexibility in the ESSA accountability plans that they submit to the Trump administration starting early next year.
- » **Universal Pre-K:** Despite the President-elect's commitment to affordable early care, there has not yet been a discussion on quality child care standards or universal Pre-K.

Education

Trump's Federal Higher Education Policy

- » **College Costs and Accountability:** President-elect Trump will work with Congress on reforms to ensure colleges and universities are making a good faith effort to reduce the cost of college and student debt in exchange for federal financial incentives.
- » **College and University Endowments:** President-elect Trump will pursue the examination of large and profitable college and university endowments and he will question how institutions are using endowment funds to benefit needy students.
- » **Student Loans:** The President-elect wants to get the government out of the student loan business and restore lending to private banks.
- » **Community Colleges:** President-elect Trump will ensure that the opportunity to attend a two or four-year college, or to pursue a trade or a skill set through career and technical education, will be easier to access, pay for and finish for workers and students.



James Meggesto



Phil Baker-Shenk

Native American Indian Affairs in a Trump Administration

- » Will President Trump “Re-Set” the Government-to-Government Relationship with Indian Tribes
 - Trump policies could offer more autonomous self-governance authority that widens the path for greater tribal sovereignty, jurisdiction and self-determination
- » First 100-Days Agenda
 - A package of bills may be put together to include Indian energy, tribal water settlements, tribal self-governance, tribal labor sovereignty and other Indian Country priorities stalled out in the 114th Congress
 - Potential for an Indian package in reconciliation that is filibuster proof
- » President Trump will not do anything that would take away support for the economic success of tribal government gaming.
 - Rep. Markwayne Mullin, Chair, Native American Coalition for Trump

Native American Indian Affairs (continued)

Strategy: To Advance Native American Indian Affairs

- » Keep emphasis on the governmental identity of Indian tribes
 - Sovereignty – Like all other governments, an Indian tribe controls who does what on its land
 - Sovereign immunity – Like all other governments, an Indian tribe's resources are immune from attachment and taxation
- » Work with strong Indian Country allies on Capitol Hill who are assisting the Trump Administration staff up and set policy
- » Maximize opportunities to preserve and expand –
 - Tribal government gaming
 - Tribal oil/gas production
 - Domestic manufacturing in Indian Country
 - Federal procurement contracting with Indians and Indian tribes
 - Focused infrastructure development in Indian communities
 - More jobs for Indian Country and its neighbors

Native American Indian Affairs (continued)

Issues: Tribal Parity

» TAX REFORM - PARITY

- Trump Administration could unleash pent-up demand for a handful of tribal tax reform measures that would provide parity with other governments in job and economic development

» HEALTH CARE - PARITY

- Must protect and expand the tribal provisions of the Affordable Care Act which strengthened Indian health services by authorizing the Indian Health Care Improvement Act and other provisions designed to recover Indian health

» TRIBAL LABOR SOVEREIGNTY – PARITY

- Enactment of the Tribal Labor Sovereignty Act would restore tribal government control over tribal government labor practices as is accorded every other government in America

» TRIBAL INFRASTRUCTURE – PARITY

- Ensure that Indian Country is allocated a “catch-up” share of federal investment in President Trump’s national infrastructure initiative and require that its expenditure be subject to tribal self-determination control

The background of the slide is a stylized, monochromatic representation of the American flag. It features a field of stars in the upper left corner, transitioning into wavy horizontal stripes that fill the rest of the frame. The colors are various shades of red and white, creating a textured, fabric-like appearance.

Thank You