



The First 100 Days: The Biden administration's impact on the employee benefits industry



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Webinar will start at 2 p.m. ET

A recording and a copy of the slides will be sent to attendees.

This content is not to be considered legal advice. We recommend Clients speak with legal counsel specializing in labor, employment, and tax law to ensure your organization meets requirements.

Agenda

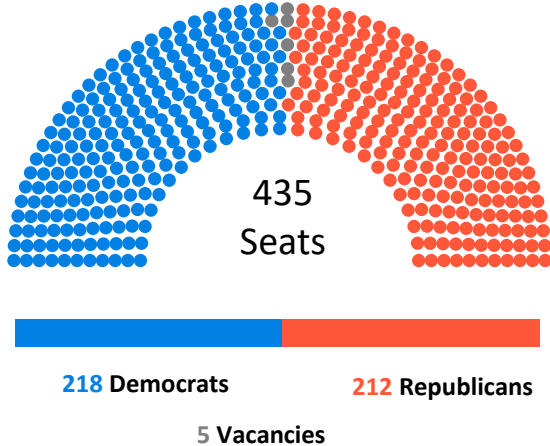
- Political dynamics in Washington D.C.
- Biden administration's 2021 agenda
- 2022 mid-terms



Slim majorities means little margin for error

Composition of the 117th Congress

HOUSE



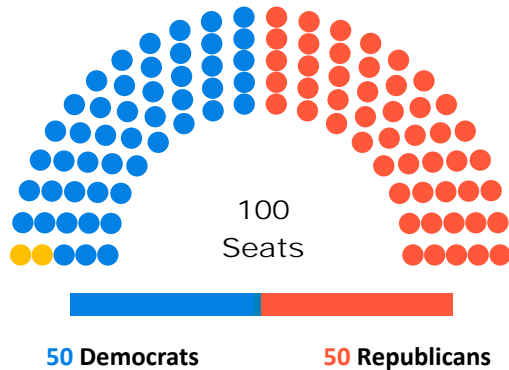
- Republicans, on their own, can not stop legislation from passing in the House
- Democrats can only “lose” 2 votes to pass legislation



Slim majorities means little margin for error

Composition of the 117th Congress

SENATE



Unless 10 Republicans support legislation, most legislation cannot move through the Senate

- Filibuster likely to remain in place

Only pathway becomes budget reconciliation

- Limited types of legislation can use this pathway
 - Direct impact on federal revenue
 - Cannot increase deficit longer than the budget window
- Can only (historically) be used once a fiscal year

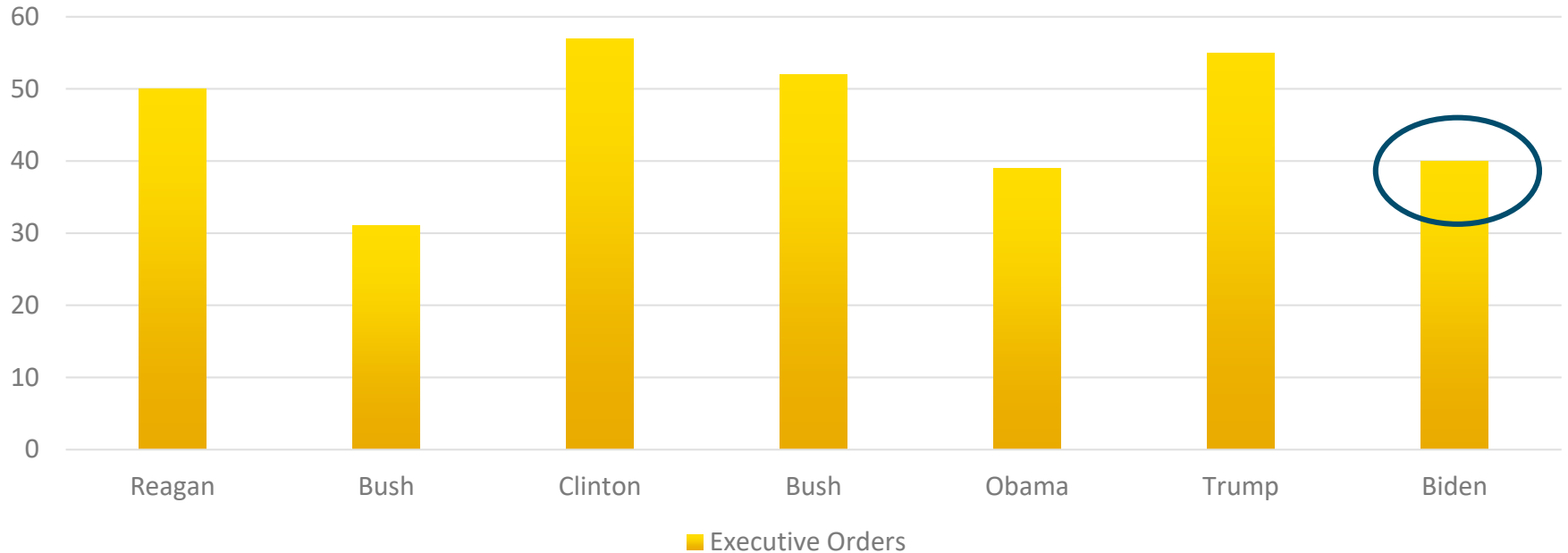
Even when budget reconciliation is the vehicle, requires all 50 Democrats (unless Republicans cross the aisle) to vote together

- Senators Manchin (D-WV) and Sinema (D-AZ)
- Senators Collins (R-ME) and Murkowski (R-AK)



An early focus on Executive Orders...

Executive Orders first year in office



2021 Timeline – Updated



American Rescue Plan passes

Uses the 2021 fiscal year budget reconciliation opportunity



2022 fiscal year begins

New opportunity to leverage budget reconciliation in calendar year 2021



March 11

April 5

Early July

Early August

October 1

2nd 2021 budget reconciliation opportunity?

2021 budget reconciliation process can be used again by amending 2021 Budget Resolution

Target for Senate to pass infrastructure through budget reconciliation

Target for House to pass infrastructure

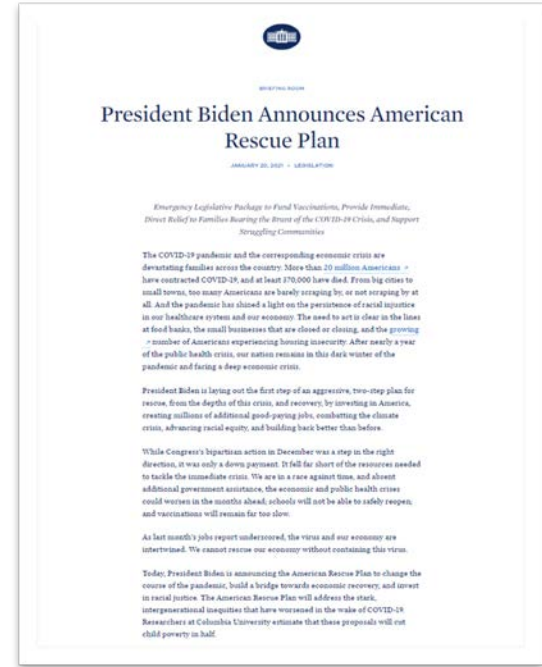
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American Rescue Plan – notable items

- **\$1,400 “Recovery Rebate”**
- **Extension of \$300 federal unemployment benefit**
- **100% COBRA subsidies**
 - April 1st – September 30th
 - Government covers 100% of the COBRA premium amount
 - Medical, Dental, and Vision
- **FFCRA Paid Leave Tax Credits extended and enhanced**
 - U-500 employers (generally) can continue to offer COVID-19 paid leave benefits through September 30th
 - Paid sick leave now includes time to receive vaccine
 - Paid FMLA now includes time to care for self or family member with COVID-19



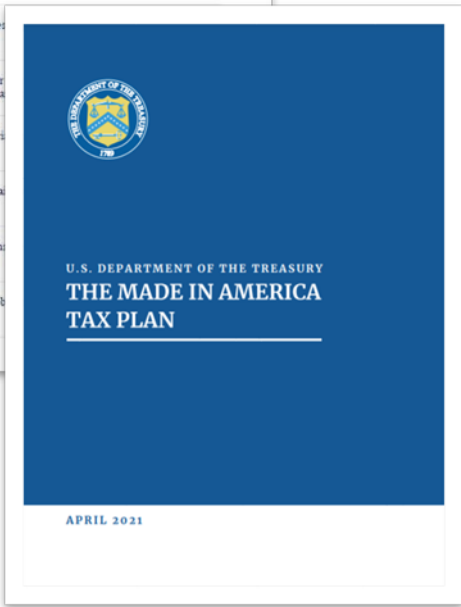
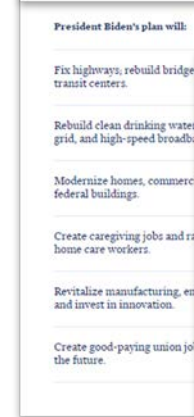
American Jobs Plan and Made In America Tax Plan

American Jobs Plan

- More “traditional” infrastructure plan – \$2 Trillion
- Return of “Congressional Directed Spending”

Made In America Tax Plan

- Increase corporate tax revenue to pay for American Jobs Plan
 - Corporate rate to 28%
 - New provisions targeting multi-national corporations
 - Minimum tax rates for corporations



American Families Plan

“Human” infrastructure

- Permanent Paid Family and Medical Leave (PFML)
- Two years of free pre-school and two years of free community college
- Cap amount of childcare costs for low and middle income families
- Make permanent the increases to child and dependent care tax credits

Individual tax increases

- Increase top tax bracket to 39.6% (incomes over \$518,401 single/\$622,051 married)
- Increase capital gain rates to 39.6% for those making over \$1 million
- Limit “step up” in basis to \$1 million at death

National Paid Family and Medical Leave Landscape (PFML)

PFML advocates

- Provide all Americans with PFML through a national, government run, PFML program
 - National program should be a floor, not a ceiling

Multistate business community

- Create a national PFML standard that pre-empts state programs
 - Deal with 1 program vs. 10 (9 + DC)

Insurers

- Have expertise and experience to service as the foundation for a national program/standard
 - At worst, create a “private option” alongside any government programs



Ways and Means Proposal

12 week PFML benefit provided by either:

- Government program,
- State program, or
- Employer program
 - Up to 40% reimbursement to employer for claims

Issues to watch

- What is the funding mechanism?
- Will Democrats rally around this proposal vs the FAMILY Act?

Key players:

- Finance Committee Chairman Ron Wyden (D-OR)
- HELP Committee Chairwoman Patty Murray (D-WA)
- Ways and Means Chairman Richie Neal (D-MA)

Agenda

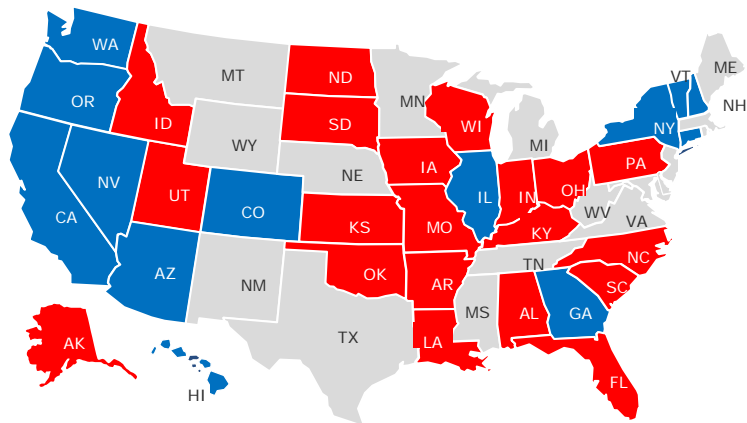
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Results from Presidents' first mid-term

Year	President	Approval rating	Senate	House
1982	Ronald Reagan	43%	+1	-26
1990	George Bush	58%	-1	-8
1994	William J. Clinton	46%	-8	-52
2002	George W. Bush	63%	+2	+8
2010	Barack Obama	45%	-6	-63
2018	Donald J. Trump	43.6%	+2	-41

2022 Senate mid-terms



Democrats (14)

Alex Padilla (CA)

Michael Bennet (CO)

Richard Blumenthal (CT)

Brian Schatz (HI)

Tammy Duckworth (IL)

Chris Van Hollen (MD)

Raphael Warnock (GA)

Catherine Cortez Masto (NV)

Maggie Hassan (NH)

Chuck Schumer (NY)

Ron Wyden (OR)

Patrick Leahy (VT)

Patty Murray (WA)

Mark Kelly (AZ)

Republicans (20)

Richard Shelby (AL)

Lisa Murkowski (AK)

John Boozman (AR)

Marco Rubio (FL)

Mike Crapo (ID)

Todd Young (IN)

Chuck Grassley (IA)

Jerry Moran (KS)

Rand Paul (KY)

John Kennedy (LA)

Open (Blunt) (MO)

John Hoeven (ND)

James Lankford (OK)

Tim Scott (SC)

John Thune (SD)

Mike Lee (UT)

Ron Johnson (WI)

Open (Burr) (NC)

Open (Portman) (OH)

Open (Toomey) (PA)

Open (Blunt) (MO)

Summary



Governing more difficult than campaigning



Infrastructure



Mid-terms already coming into focus

Questions?

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