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President-elect Biden Transition: Third Update

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| <p>OVERVIEW</p> | <p>Following ascertainment on November 23rd, the Biden-Harris transition formally launched with 57 days until the inauguration. The Biden transition is focused on determining implementation for policies, developing management agenda for federal agencies, and selecting personnel to serve in the administration. As part of these efforts, the Agency Review Teams (ARTs) have been formally meeting with individual departments and agencies to take stock of projects, personnel, and assess needs. The ARTs have also engaged outside stakeholders, including industry trade groups, as well as the committees of jurisdiction on Capitol Hill. This transition will continue its work at various stages until January 20th when President-elect Biden is inaugurated. At that time, the transition and some of its personnel will be absorbed into specific agencies or departments or leave these volunteer positions and head back to their private sector careers.</p> <p>As previously discussed, presidential transitions have multiple components and stages that are generally common across all past transitions. The following list represents the key steps in the Biden transition:</p> <ul style="list-style-type: none"> • Vetting and selection of Cabinet leadership and White House senior staff (<i>rolling</i>) • Formation of Agency Review Teams (<i>complete</i>) • Review and audit of each department and agency by ARTs (<i>ongoing</i>) • Submission of findings by ARTs to the Transition Team (<i>December 18th</i>) • Formation of Policy Strategy and Playbook for each agency and department (<i>ongoing</i>) • Vetting and selection of senior staff and political appointments at each agency and department (<i>ongoing</i>) • Formation of Transition Landing Teams that will be first wave in the Administration after January 20 (<i>late December</i>) • Post-inauguration phase (<i>begins January 20</i>) |
| <p>TRANSITION UPDATE</p> | <p>President-elect Biden has created a team to oversee the confirmation process for his nominees, which will be led by incoming White House press secretary Jen Psaki. The team also includes incoming Deputy Director of the White House Office of Legislative Affairs Reema Dodin, who is overseeing the legislative strategy for nominees, and Jorge Neri as deputy outreach director. This group will be responsible for assisting the Biden nominees in getting confirmed and mustering support from Congress, particularly with Senate Republicans.</p> <p>The transition has organized its nominations and appointments into the six “Pods” listed below that will focus on the preparations and confirmations for the nominees and appointments. However, timing on nomination hearings remains unclear as the prospect for hearings prior to the inauguration is complicated by the Georgia Senate runoffs. Notably, Senate Majority Leader Mitch McConnell (R-KY) pledged this week to put all</p> |

of Biden's Cabinet nominees on the floor for votes if Republicans retain the Senate, although indicated that not all nominees will pass on a voice vote and not all will make it through.

- Domestic Policy
- Economy
- Energy and Climate
- Health
- Justice and Civil Rights
- National Security

Agency Review Teams

The ARTs are responsible for ensuring a smooth transition at the agencies on Day One. The teams are comprised of experienced professionals with extensive backgrounds in key policy areas and departments across the federal government – many of which will likely seek out roles within the Administration following the transition.

- Notably, former CFTC Chair Gary Gensler leads the ART responsible for the Federal Reserve, banking, and securities regulators; former advisor to VP Biden, Don Graves, leads the Department of Treasury review team; and former CFPB Deputy Director Leandra English leads the Consumer Financial Protection Bureau review team.
- The ARTs have conducted over 150 listening sessions with House and Senate Committees and continue to meet with former agency officials and other external stakeholders (e.g. trade associations, consumer groups, think tanks) to assess the state of the agencies and prepare for a swift transition.
- In addition to gathering feedback on the various agencies and departments, the ARTs have been focusing on what the Administration can do by executive action and without legislation to advance its policy priorities.

Regulatory Agencies

As the transition continues over the next few weeks leading into the inauguration on January 20, we could see additional announcements from the Biden team on his selections to the financial regulators.

- As expected, SEC Chair Clayton and CFTC Chair Tarbert have announced their intent to step down as Chairs of their respective agencies, although their replacements have not yet been named. Note that when Tarbert officially steps down as Chair, CFTC commissioners will vote to name someone as Acting Chair until a permanent Chair is confirmed. Since Tarbert is staying on as a commissioner for at least a short period, Republicans will retain a 3-2 majority, meaning that they could elect a Republican as Acting Chair. While this could complicate determining the majority on the FSOC Board, the chart below assumes that the Acting Chair will be the party of the incoming Administration as has traditionally occurred.
- We expect Fed Chair Powell and FDIC Chair McWilliams to continue serving until their terms expire in February 2022 and June 2023, respectively.
- We expect OCC Acting Comptroller Brooks and CFPB Director Kraninger to be replaced as early as February by the Biden Administration. NCUA Chair Hood is also expected to be quickly replaced by current Board Member Todd Harper.
- Biden's ability to remove FHFA Director Calabria is still legally uncertain pending a Supreme Court decision on a December 9th case (Collins v. Mnuchin) expected in the late spring of 2021.

- Leadership changes at the above agencies will impact both the rulemaking agendas at each of the respective agencies but also FSOC’s efforts under presumed Treasury Secretary Yellen. While at least three FSOC members could complete their terms and remain on the FSOC Board (FHFA is uncertain), the Board will likely see a Democratic majority quickly after Biden is sworn in.

| Date | 2021 (following Inauguration) | 2022 | 2023 | 2024 |
|----------------------------|---|----------------------------------|--|---|
| D-R Vote | 6-4 | 7-3 | 8-2 | 10-0 |
| Trump-appointee Departures | <i>Mnuchin</i> (Treasury); <i>Clayton</i> (SEC); <i>Tarbert</i> (CFTC); <i>Brooks</i> (OCC); <i>Kraninger</i> (CFPB); <i>Hood</i> (NCUA) | <i>Powell</i> (Fed) Feb. 2022 | <i>McWilliams</i> (FDIC) June 2023; | <i>Thomas Workman</i> (Independent Member w/ Insurance Expertise) March 2024; <i>Calabria</i> (FHFA) April 2024 |

KEY NOMINEES & APPOINTMENTS

President-elect Biden has continued to announce picks for his Cabinet as well as key positions within the economic, health, climate, domestic, and national security teams. The incoming Administration also further emphasized this month their commitment to prioritize both climate change and pandemic response, announcing additional staff dedicated specifically to tackling these two issues. These climate and pandemic-related appointments and nominations are included below, along with additional announcements for key posts so far. Among those not named yet are Biden’s picks for Attorney General, CIA Director, SBA Administrator, and the Secretaries of Commerce, Labor, and Education, although we expect an announcement for Miguel Cardona as Education Secretary to come soon.

President-elect Biden remains committed to “a Cabinet that looks like America,” and at the same time choosing nominees to help balance the need for confirmation in a Senate with a tight margin. Many of Biden’s nominees bring experience from the Obama Administration, which is a point not lost on either progressives or Republicans.

In selecting a Cabinet that builds on experience and diversity, President-elect Biden has chosen three Members of Congress from the US House to serve in his Administration, Reps. Cedric Richmond (D-LA), Deb Haaland (D-AZ), and Marcia Fudge (D-OH). With two races left to be called—NY-22 where former Rep. Claudia Tenney (R-NY) currently leads Rep. Anthony Brindisi (D-NY) by 19 votes, and IA-2 where Rita Hart (D-IA) is now petitioning the House to overturn the certification declaring Mariannette Miller-Meeks (R-IA) the winner by 6 votes—the slim Democratic majority in the House has tightened. While Democrats will be expected to retain these seats once special elections are held, this slim margin likely prevents Biden from looking to nominate other Democratic House Members to join his Administration in the near term. Given the slim Democratic majority in the House, we believe it is unlikely that more House members will be appointed or nominated to the administration.

Cabinet Nominees

- Avril Haines, Director of National Intelligence
- Neera Tanden, Director of the Office of Management and Budget
- Michael Regan, Environmental Protection Agency Administrator
- Tom Vilsack, Secretary of Agriculture
- General Lloyd Austin, Secretary of Defense
- Jennifer Granholm, Secretary of Energy
- Xavier Becerra, Secretary of Health and Human Services
- Alejandro Mayorkas, Secretary of Homeland Security
- Rep. Marcia Fudge, Secretary of Housing and Urban Development
- Rep. Deb Haaland, Secretary of the Interior
- Antony Blinken, Secretary of State
- Pete Buttigieg, Secretary of Transportation
- Janet Yellen, Secretary of Treasury
- Denis McDonough, Secretary of Veterans Affairs
- John Kerry, Special Presidential Envoy for Climate
- Katherine Tai, US Trade Representative

Domestic and Economic Teams

- Cecilia Rouse, Chair of the Council of Economic Advisers
- Ron Klain, White House Chief of Staff
- Susan Rice, Director of the Domestic Policy Council
- Brian Deese, Director of the National Economic Council
- David Kamin, Deputy NEC Director (additional information below)
- Bharat Ramamurti, Deputy NEC Director for Financial Reform and Consumer Protection (additional information below)

Climate Team

- Brenda Mallory, Chair of the Council on Environmental Quality
- Gina McCarthy, National Climate Advisor
- Ali Zaidi, Deputy National Climate Advisor

COVID-19/Health Team

- Dr. Vivek Murthy, Surgeon General
- Dr. Rochelle Walensky, Director of the Centers for Disease Control and Prevention
- Dr. Anthony Fauci, Chief Medical Adviser to the President
- Dr. Marcella Nunez-Smith, COVID-19 Equity Task Force Chair
- Jeff Zients, Coordinator of the COVID-19 Response and Counselor to the President
- Natalie Quillian, Deputy Coordinator of the COVID-19 Response

Below we've provided additional background on the latest appointments to the NEC, which do not require Senate confirmation:

David Kamin, Deputy Director of the National Economic Council

- Kamin is a Professor of Law at New York University School of Law where he focuses on budget and tax policy. Prior to NYU, Kamin worked as both as Special Assistant for Economic Policy under the President Obama, where he worked to coordinate tax and budget policy, and as a senior advisor at OMB.
- He previously worked at the Center on Budget and Policy Priorities, a progressive think tank focused on reforming federal and state tax policy to address inequalities. He worked on budget, tax legislation and social security reform.
- Kamin criticized the tax provisions included in the CARES Act as being too generous to large businesses and the wealthy: “a tax cut layered on top of a tax cut – and not even entirely focused on firms experiencing losses.” He also advocated for prepaid debit cards as an alternative to physical stimulus checks.
- Kamin has written on a range of areas including capital tax, tax reform options, retirement security and the budget process. He co-authored a paper favoring a wealth tax and a financial transaction tax that was cited by President-elect Biden and Sen. Elizabeth Warren during their presidential campaigns, and also wrote a paper focused on tax reforms to expand retirement savings for the middle class.

Bharat Ramamurti, Deputy Director for Financial Reform and Consumer Protection

- At the NEC, Ramamurti will be responsible for coordinating financial services policy across the federal financial regulators. His role is to mediate disputes, make clear the President’s agenda and priorities, and ensure execution of key policies. Ramamurti will also play a lead role in vetting and selecting agency personnel and staff for the federal financial regulators. He will also be deeply involved in the Administration’s early decisions related to staffing at the CFPB, OCC, and FHFA.
- Ramamurti was the Managing Director of the Roosevelt’s Institute’s Corporate Power program, where he focused on corporate governance and the “harms of shareholder value maximization,” as well as on macroeconomics and tax policy.
- Ramamurti worked for Sen. Elizabeth Warren (D-MA) for six years as counsel for economic and banking issues, and as a top economic policy aide for her 2020 presidential campaign. In the Senate, he advised Warren on a broad range of issues including her investigations into the Wells Fargo scandal and the Equifax data breach, her oversight of the financial regulatory agencies, and played a role in drafting the Accountable Capitalism Act.
- In April, Ramamurti was appointed to serve on the Covid-19 Congressional Oversight Commission, a five-person panel tasked with overseeing the Treasury and Fed’s implementation of the CARES Act. As a member of the Commission, he has vocally opposed Treasury’s push for the Fed to return the CARES Act funding from the Fed’s 13(3) facilities.