

February 23, 2016

## **Today's Driving Events**

**Fed Under Attack:** Investors will be hyper-focused on Federal Reserve Chair Janet Yellen's semi-annual testimony this morning on the Fed's monetary policy before the House Financial Services Committee. Yellen has been conspicuously silent about the growth scare that has unsettled markets since the start of the year as she has not spoken publicly about monetary policy since her last quarterly press conference on December 16th following the Federal Open Market Committee's (FOMC) decision to raise interest rates for the first time in nearly a decade. Market participants will be particularly attentive to the extent to which Yellen is willing to walk back the FOMC's median forecast for four rate increases this year. Yellen will likely not only face questions about monetary policy as several members of Congress continue to seek to subject the Fed to greater transparency and accountability. Additionally, Congress tapped \$19 billion of the Fed's surplus capital to help pay for the multi-year highways bill it passed in December, perhaps opening the Fed to further attempts to use its resources to pay for other congressional priorities.

**Puerto Rico Solutions Discussed at Hill Event:** The American Action Forum, a center-right think tank, will hold an event this afternoon on Capitol Hill to discuss solutions to Puerto Rico's deteriorating fiscal situation. Rep. Sean Duffy (R-WI), who has introduced a bill that would facilitate the establishment of an independent Financial Stability Council and extend chapter 9 bankruptcy protection to Puerto Rican parastatals, will give the keynote remarks prior to a panel discussion among various experts moderated by the Wall Street Journal's Nick Timiraos. Although Duffy has been among the few House Republicans outspoken on finding a solution to the Puerto Rican debt crisis, any legislation that has a chance of becoming law will be led by House Natural Resource Committee Chairman Rob Bishop (R-UT), who was tapped by House Speaker Paul Ryan (R-WI) to take the lead on this issue. Bishop, who is expected to seek to advance a bill that establishes a control board and provides some form of restructuring authority for Puerto Rican debt, is holding the first full committee hearing on the topic on February 25th.

**SCOTUS Redlights Greenhouse Gas Rules:** In a surprise ruling last night, the Supreme Court stayed the Clean Power Plan (CPP) while the courts consider the legal challenges to the rule, overturning a DC Circuit Court of Appeals decision from last month. This is the first time that the Supreme Court has stayed an Environmental Protection Agency (EPA) rule pending further litigation. This decision is a bad sign for one of the key rules of Obama's legacy, in particular because the EPA had written a delayed implementation into the rule in large part to avoid a stay during the expected court challenge. The court's decision is particularly negative for wind and solar energy, which will now lose out on a boost from the Clean Energy Incentive Program that would have provided additional emissions allowances to states that implemented renewable energy before 2020. It is also a negative for electric utilities, which conduct much of their infrastructure planning years and decades in advance, and had hoped for certainty as quickly as possible on the CPP. While the stay is a positive for coal, it is not enough to stop the commodity's steady decline. It is unlikely to be a positive harbinger of challenges to the EPA's other air emissions rules, including the ozone standard ( or "the most expensive regulation ever"), all of which were promulgated under parts of the Clean Air Act with more extensive legal histories. Additionally, the Supreme Court has previously ruled that the EPA has the authority and responsibility to address greenhouse gasses under the Clean Air Act, meaning there will eventually be rules of some sort, even if they take on a different form from the CPP.

**New Hampshire Primary Aftermath:** Donald Trump won a resounding victory in the New Hampshire Republican presidential primary, the first victory of his improbable campaign. Bernie Sanders dealt a decisive blow to the Hillary Clinton campaign, winning a state she won in 2008 by a wide margin. Former Ohio Governor John Kasich finished in a strong second place, comfortably ahead of the other establishment contenders – Jeb Bush, Marco Rubio, and Chris Christie – after holding more than 100 town hall meetings in the Granite State, combined with a solid debate performance and days of negative press coverage for Marco Rubio. Kasich, however, faces an uphill battle next week in South Carolina and in the southern states that follow on March 1st. Ted Cruz exceeded expectations in the more moderate New Hampshire, and is currently locked in a tight three-way race for third place with GOP comeback kid Jeb Bush and Marco Rubio. Chris Christie has returned to New Jersey to consider next steps, a likely precursor to a suspension of his campaign after a disappointing sixth place finish. While the final results are still being tallied, it appears that there are five tickets out of New Hampshire for the Republican field. The outsiders, Trump and Cruz, head to South Carolina each with one state victory, while establishment candidates Kasich, Bush, and Rubio continue to vie for the support of party elites. The longer the establishment takes to coalesce behind a single candidate, the more drawn out the nominating process is likely to be as Trump and Cruz continue to benefit from

a fractured field.

## House

The House will convene at 12:00 p.m. to consider a bill that limits National Science Foundation grants, which the president has threatened to veto. The chamber will also consider under expedited procedures a bill that would require water system operators to notify their customers if they are informed by the EPA of elevated levels of lead in their water system, which was motivated in response to the Flint, MI water crisis.

## Senate

The Senate will convene at 10:00 a.m. and in light of its continued deadlock over an amendment that would provide financial assistance to Flint, MI, the chamber will suspend consideration of bipartisan energy legislation and will turn to a bill that would require mandatory sanctions of any individual complicit in North Korea's nuclear and missile development and other illegal activities, such as human rights abuses.

## White House

President Obama will travel today to Springfield, IL to address the Illinois General Assembly. In the evening, the president will travel to the San Jose, CA area, where he will remain overnight.

## Macroeconomic

At 10:00 a.m., the House Financial Services Committee will hold a hearing on the Federal Reserve's semi-annual Monetary Policy Report to Congress. Expected participants include:

- Janet Yellen, chairwoman, Federal Reserve Board of Governors

At 11:00 a.m., the Brookings Institution will hold a discussion on "Tremors in the Chinese Economy: Debating the Road Ahead." Expected participants include:

- Stephen Roach, senior fellow, Jackson Institute of Global Affairs and senior lecturer, Yale University's School of Management
- Brad Setser, senior fellow, Council on Foreign Relations

On Wednesday at 12:25 p.m., former Federal Reserve Board Chairman Ben Bernanke will deliver remarks at the Economic Club of Washington, DC

At 12:30 p.m., the Johns Hopkins University Paul H. Nitze School of Advanced International Studies will hold a discussion titled "US- China and the Global Economy." [More information here](#). Expected participants include:

- Lawrence Summers, professor and president emeritus, Harvard University

At 1:30 p.m., San Francisco Federal Reserve Bank President John Williams will speak on health and the economy in Los Angeles.

At 1:30 p.m., the American Foreign Policy Council will hold a discussion titled "The US-China Economic and Security Review Commission's 2015 Annual Report." [More information here](#). Expected participants include:

- Rep. J. Randy Forbes (R-VA)
- Del. Madeleine Z. Bordallo (D-GU)
- Katherine Tobin, deputy assistant education secretary
- Dennis Shea, chairman, US-China Security Review Commission
- Peter Brookes, commissioner, US-China Security Review Commission, and senior fellow, national security affairs, Heritage Foundation
- Jeff Smith, director, asian security programs, American Foreign Policy Council

At 2:30 p.m., the American Action Forum will hold a discussion titled "Changing Course: The Policies Needed to Improve Puerto Rico's Fiscal Health." Expected participants include:

- Senator Sean Duffy (R-WI), chairman, House Financial Services Committee's Subcommittee on Oversight and Investigations
- Nick Timiraos, reporter, *Wall Street Journal*
- Charles Blitzer, principal, Blitzer Consulting
- Barry Bosworth, senior fellow, economic studies, Brookings Institution
- Jorge San Miguel, chair, environmental law, energy & land use, Ferraiuoli LLC
- Andrew N. Rosenberg, partner, Paul, Weiss, Rifkind, Wharton & Garrison LLP

## **Budget**

At 2:00 p.m., Bloomberg Government will hold a webinar titled "Rapid Response Budget Analysis, focusing on the release of President Obama's FY17 budget proposal."

At 10:30 a.m., the Senate Finance Committee will hold a hearing titled "Revenue Proposals in the Administration's FY17 Budget." Expected participants include:

- Jacob J. Lew, secretary, Department of the Treasury

At 1:30 p.m., the White House Office of National Drug Control Policy Director Michael Botticelli will hold a conference call briefing to discuss the president's FY17 budget and support for the National Drug Control Strategy.

## **Defense**

At 8:00 a.m., the National Defense Industrial Association will hold its 2016 Human Systems Conference titled "Valuing Human Systems Research and Development."

At 8:30 a.m., Nextgov and Defense One will hold a discussion titled "Transforming Defense and Federal Information Technology for a Modern World."

At 2:00 p.m., the House Armed Services Committee's Subcommittee on Tactical Air and Land Forces will hold a hearing titled "Recommendations from the National Commission on the Future of the Army." Expected participants include:

- Retired Army Gen. Carter Ham, chairman, National Commission on the Future of the Army
- Robert Hale, commissioner, National Commission on the Future of the Army

## **Education**

At 10:00 a.m., the House Education and the Workforce Committee's Subcommittee on Early Childhood, Elementary, and Secondary Education will hold a hearing titled "Next Steps for K-12 Education: Implementing the Promise to Restore State and Local Control."

## **Energy**

At 12:30 p.m., the American Constitution Society for Law and Policy will hold a discussion

titled "Combating Climate Change in the Courts." [More information here.](#) Expected participants include:

- Senator Sheldon Whitehouse (D-RI)

At 2:30 p.m., the Environmental and Energy Study Institute will hold a briefing titled "What's in the Paris Climate Deal?"

At 5:30 p.m., the Brookings Institution will host a discussion titled "The Impact of Low Oil Prices and Taxation on the GCC Countries." [More information here.](#)

## Financial Services

Today is the final day of the Federal Reserve Bank of San Francisco's 2016 National Interagency Community Reinvestment Conference. [More information here.](#) Expected participants include:

- Roberto E. Barragan, president and CEO, Valley Economic Development Centers
- Thomas J. Curry, comptroller, Office of the Comptroller of the Currency
- Amias M. Gerety, acting assistant secretary for financial institutions, Department of the Treasury
- Martin J. Gruenberg, chairman, Federal Deposit Insurance Corporation
- Risa Lavizzo-Mourey, president and CEO, Robert Wood Johnson Foundation
- Carol Naughton, president, Purpose Built Communities
- John C. Williams, president and CEO, Federal Reserve Bank of San Francisco

At 10:00 a.m., the House Judiciary Committee will hold a markup of the "Financial Institution Bankruptcy Act of 2015."

At 10:00 a.m., the House Agriculture Committee will hold a hearing titled "The 2016 Agenda for the Commodity Futures Trading Commission."

At 6:00 p.m., the Urban Institute will host a seminar titled "Credit Risk Transfer: Making a Successful Program Even Better." [More information here.](#)

## Geopolitical

At 10:00 a.m., the House Foreign Affairs Committee will hold a hearing titled "From Iraq and Syria to Libya and Beyond: The Evolving ISIL Threat." Expected participants include:

- Brett McGurk, special presidential envoy, Global Coalition to Counter ISIL

At 10:00 a.m., the Heritage Foundation will hold a discussion titled "Can the Iran Deal Stand?" Expected participants include:

- Rep. Ron DeSantis (R-FL)
- Fred Fleitz, senior vice president, Center for Security Policy
- Patrick Clawson, director of research, Washington Institute for Near East Policy
- James Phillips, senior research fellow, middle eastern affairs, Heritage Foundation
- Former Senator Jim DeMint, (R-SC), president, Heritage Foundation

At 5:30 p.m., the George Washington University Elliott School of International Affairs will hold a discussion titled "European Union: Drifting Apart Despite Economic Recovery?"

At 6:00 p.m., the Baltimore Council on Foreign Affairs will hold a discussion titled "What's Next with Iran? The Future of Its Weapons Program and of Its Relations with the West." [More information here.](#)

## Healthcare

At 10:00 a.m., the House Energy and Commerce Committee's Subcommittee on Health will hold a hearing titled "Examining Medicaid and CHIP's Federal Medical Assistance Percentage."

At 10:00 a.m., the Senate Judiciary Committee will hold a hearing titled "Breaking the Cycle: Mental Health and the Justice System," including the "Mental Health and Safe Communities Act."

At 10:00 a.m., the Conservative Reform Network will hold a discussion titled "Replacing Obamacare with Consumer Centered Health Reforms." Expected participants include:

- Rep. Fred Upton (R-MI)

At 12:00 p.m., the Hospital Health Plans Coalition will hold a briefing titled "Hospital Health Plans: Competition and Choice."

At 2:00 p.m., the House Ways and Means Committee will hold a hearing on the Health and Human Services Department's FY17 budget. Expected participants include:

- Sylvia Mathews Burwell, secretary, Department of Health and Human Services

## Tech-Media-Telecom

At 11:00 a.m., the Cato Institute's Center for Constitutional Studies, and the Federalist Society for Law and Public Policy Studies will hold a discussion titled "Intellectual Property and First Principles."

At 3:00 p.m., the Information Technology and Innovation Foundation will hold a discussion titled "Improving US Innovation and Global Competitiveness." Expected participants include:

- Senator Chris Coons (D-DE)
- Stephen Ezell, vice president, global innovation policy, Information Technology and Innovation Foundation
- David Williams, executive dean, Professional Colleges and the College of Engineering, Ohio State University
- Vivadi Yusibov, executive director, Fraunhofer USA Center for Molecular Biotechnology

## Transportation

At 10:00 a.m., the House Transportation and Infrastructure Committee will hold a hearing titled "Review of Air Traffic Control Reform Proposals."



Website



Twitter



LinkedIn



Email

Copyright © 2016 [Beacon Policy Advisors LLC](#)

1701 Pennsylvania Avenue, NW, Suite 300 Washington, DC 20006 | (202) 729-6335

[Our Compliance Policy](#) [Unsubscribe](#)