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Pre-Election 2022 Outlook

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The primary season concluded on September 13th, and we now head into the final few weeks before the November 8th midterm elections. After reaching a last-minute government funding deal at the end of September, both the House and Senate left D.C. for the next five weeks to focus on campaigning. Majority Leader Schumer (D-NY) ultimately scrapped plans for the Senate to return for a two-week session period in mid-October, which means items like the National Defense Authorization Act (NDAA) will be punted to the lame duck session (more on this below). Regarding the midterms, we continue to believe that Republicans will take control of the House, but the margin by which they do so remains unknown. Additionally, the race for control of the Senate is still too close to predict. With many moving parts and of course, the potential for an “October surprise,” we will refrain from over-speculating about the elections’ results. For now, we have provided an overview of the lay of the land, including political trends, key races to watch in both Chambers, and other factors to consider heading into November and looking forward into the lame duck session and 118th Congress.

POLITICAL TRENDS/ WHAT WE’RE WATCHING

Each party’s ability to enthruse voters and drive turnout, along with the influence of political spending and ad buys are the key elements of any election, and this year is no exception. Election spending is on track to top \$9.3B this year, compared to \$5.7B in the 2018 midterms (a 63% increase), and according to an October NPR National Poll, about 8 in 10 registered voters responded that they are “definitely voting” this fall. The way in which independent and undecided voters ultimately sway is also a pivotal factor – interestingly, undecided voters have generally moved and voted the same way in past elections, so the direction of public sentiment leading up to the election is another point to watch. According to the current Morning Consult election tracker, the generic ballot is 49% D, 44% R, with 7% undecided, and the latest polling in the Senate tossup races have even tighter margins, so the undecided voters could very well decide control of the Senate. Several additional factors we’re considering that are more unique to this election are included below.

- **President’s Approval:** President Biden’s approval rating has remained low – below 50% – and more recently hovering between the low 40s and high 30s. Given that approval numbers in many respects can serve as a proxy for voters’ mindsets, this presumably provides a solid advantage to the GOP. Notably, Biden’s approval numbers are lower than Trump’s were at this point in 2018 when Democrats gained 40 House seats.
- **History Favors Republicans:** Signs seem to point to a “red wave election” in which the GOP sees major seat gains, at least in one chamber. While there have been certain exceptions to the rule, midterm elections historically don’t fare well for the President’s party. Looking back, the party in power has lost House seats in 18 of the last 20 midterms, and 15 in the Senate. That said, Senate races have proven to be less susceptible to election waves than the House, so it’s certainly possible we could see Dems lose seats in the House and gain seats in the Senate.
- **Retirements/Redistricting:** GOP retirements give Democrats an edge in the Senate. Not only do Republicans out-number Democrats 6-1 in terms of retirees, but three of these GOP vacancies are in battleground states (NC, PA, OH). In the House, 38 Democrats are not returning (some due to primary losses or other political aspirations), compared to 28 Republicans, and several of these Democrats are in highly competitive districts. While redistricting created seven new Republican-leaning districts, Democrats saw the greater

	<p>advantage, with Politico reporting the final map as consisting of 188 strong Biden districts, 168 strong Trump districts, and 79 competitive districts.</p> <ul style="list-style-type: none"> • The Trump Factor: The former President continues to play an influential role this election season, most notably in various primary races across the country, in which he (mostly) successfully helped to oust a number of GOP incumbents that had openly opposed him. That said, his endorsement could be disadvantageous for GOP candidates in general elections, particularly in swing states. Revelations from the January 6th Committee, as well as Trump’s continued refusal to concede the 2020 election, is considered a polarizing topic for moderate and independent voters, who often decide elections in battleground states. Also, recent news around a potential indictment could prove helpful to Democrats campaigning against Trump-endorsed candidates. <p>Voter Issues</p> <p>The consensus across polls is that the state of the economy remains the number one issue among voters by far. This bodes well for Republicans who have continued to link inflation and rising consumer prices to the President’s policies and government spending under the Democratic-led Congress. Republicans are also focusing on crime and the border, which too rank among top issues for voters. On the other hand, Democrats have pointed to the President’s handling of the Ukraine war and COVID-19, as well as legislative accomplishments like the infrastructure package and positioning on gun policy. Democrats also expect to see increased voter enthusiasm on abortion rights given the Supreme Court’s recent decision to overturn <i>Roe v. Wade</i>. That said, these issues consistently rank below the economy and inflation in nearly every poll. Using polling from various sources, below are some additional informative numbers to consider.</p> <ul style="list-style-type: none"> • Direction of Country: 27% Right Direction/66% Wrong Direction (<i>Real Clear Politics, 10/4</i>) • Biden Overall Approval: 43% Approve/53% Disapprove (<i>Real Clear Politics, 10/9</i>) • Biden Economy Approval: 31% Approve/67% Disapprove (<i>Gallup News Poll, 8/24</i>) • Biden Foreign Policy Approval: 41% Approve/57% Disapprove (<i>Gallup News Poll, 8/24</i>) • Handling of Top issues – Party Preference (NBC Poll, 9/18): <ul style="list-style-type: none"> ○ Economy: 47% prefer Republicans/28% prefer Democrats ○ Border Security: 56% prefer Republicans/20% prefer Democrats ○ Crime: 45% prefer Republicans/22% prefer Democrats ○ Abortion: 25% prefer Republicans/47% prefer Democrats ○ Health Care: 24% prefer Republicans/44% prefer Democrats
<p>WHAT TO WATCH: <i>SENATE</i></p>	<p>The final makeup of the Senate could go in either party’s direction, and there are too many variables at this point for us to confidently predict the outcome. What we do know is Democrats have six less seats (14) up for grabs this cycle than Republicans (21). Of these, Democrats are not defending any seats in states won by President Trump in 2020. Also, as we noted above, Democrats see pickup opportunities in three swing states due to GOP retirements (NC, OH, PA). On the other hand, fifteen Republican-held seats are seen as safe with several others leaning red. We’ve outlined below the races to watch that will ultimately determine which party controls the Senate and have noted each race’s rating per Cook Political Report on Oct. 10. If a race is not included below, it is considered safe for the incumbent party.</p> <p>Arizona: Sen. Kelly (D) continues to lead Republican candidate Blake Masters, with most polls showing Kelly enjoying about a 7-point lead. Per several AZ state polls, Kelly has a strong advantage in terms of likeability, as well as independent voters. Kelly also has a wide lead among voters who say abortion is a top issue, but lags behind Masters on immigration policy – an issue uniquely impacting AZ. <i>Rating: Lean D.</i></p> <p>Georgia: Sen. Warnock (D) and Herschel Walker (R) have remained in a nearly virtual deadlock, despite Republicans’ initial hopes that the historically red state would be an easy pickup prospect.</p>

Walker has continued to be plagued with controversy, which boosts Warnock's chances (and has helped his recent polling). Potentially helping Walker is the coinciding governor's race, in which Republican candidate Brian Kemp has kept a solid lead on Stacey Abrams. A runoff will be held on Dec. 6th if neither candidate reaches a 50% majority. *Rating: Toss-Up.*

Nevada: Sen. Cortez Masto (D) is considered the most vulnerable Democratic Senator. Several factors contribute to this, including the President's unpopularity in the state (~41% favorability) and a strong Republican candidate in former Nevada Attorney General Adam Laxalt. The race remains in a virtual tie (although some polls have recently showed Laxalt with a slight edge), and the outcome could determine the Senate's fate. *Rating: Toss-Up.*

New Hampshire: At the outset, Sen. Hassan (D) was seen as among the most vulnerable incumbents, but she has continued to enlarge her lead over Republican Don Bolduc in recent weeks. While GOP hopefuls still seem to view the seat as flip-able (the NRSC and other major GOP PACs continue to dump money into the race), Bolduc's path to victory looks slim. He may have too closely aligned himself with the former President in a state Trump lost by over seven points. *Rating: Lean D.*

North Carolina: Rep. Ted Budd (R) has maintained a slight lead over Democrat Cheri Beasley in the race to replace retiring Sen. Burr (R). While the state has more recently trended purple, and Beasley is an ideal Democratic candidate, we expect Budd to win the election. If Budd loses, it's hard to see a scenario where Republicans are in the majority. *Rating: Lean R.*

Ohio: Once considered a purple state, Ohio has recently trended more red in the last few election cycles. While we believe it is likely that this trend will continue this year, it is important to note that the Republican nominee, J.D. Vance, is an untested candidate. The Real Clear Politics average has Vance up only 1.2% against moderate Rep. Tim Ryan (D). *Rating: Lean R.*

Pennsylvania: The Senate's makeup could ultimately come down to this race, and we believe the state is Democrats' best flip opportunity. The race remains neck-and-neck, although polling has shown Democratic candidate John Fetterman with a slight edge. Fetterman has enjoyed a TV spending advantage, as well as favorability among independents, compared to his Republican opponent, TV personality Dr. Mehmet Oz. *Rating: Toss-Up.*

Wisconsin: Incumbent Sen. Johnson (R) holds a marginal lead over his Democratic challenger, Mandela Barnes, although the race could still go in either direction. Johnson is considered the most vulnerable GOP incumbent this year. *Rating: Toss-Up.*

Other races we're watching:

- **Florida:** Sen. Rubio (R) has kept his lead over Rep. Demings (D), although the race has recently become more interesting. Demings is leaning into her law enforcement background and has posted impressive fundraising numbers in a race that has become one of the most expensive in the country (Demings has raised nearly \$50M). Democrats will have to overperform to flip this seat, but it's one to keep an eye on.
- **Washington:** Republican candidate Tiffany Smiley is certainly the underdog in this blue state, but GOP hopefuls see this as a pickup opportunity if there is a large red wave. 30-year incumbent, Sen. Murray (D), leads Smiley by several points but has been unable to widen that margin. Republicans face an uphill battle here, but Smiley is a solid candidate which helps their chances.
- **Colorado:** Sen. Bennet (D-CO) is fending off a challenge from moderate Republican Joe O'Dea. While O'Dea trails Bennet in the polls, some Republicans view this race as a potential pickup opportunity because of O'Dea's policy positions – he is more socially liberal, pro-choice, and has distanced himself from President Trump.

<p>WHAT TO WATCH: HOUSE</p>	<p>All 435 House seats are up for grabs, and Republicans need a net gain of five seats to reach the 218-majority threshold. We believe this should be a relatively easy feat for the GOP, although the final makeup will ultimately come down to a small margin of seats – most political pundits estimate around 30 toss-up seats, plus up to 40+ additional competitive races that lean in one direction but are not considered safe for either party.</p> <ul style="list-style-type: none"> • Republican Advantages: We still believe all signs point to a Republican House majority. Given Democratic retirements, redistricting, the President’s low approval, voters’ focus on inflation, as well as historical election trends, the odds are on Republicans’ side. Of the 31 races considered toss-ups by Cook Political Report, 22 are held by Democrats and only nine by Republicans. Also of note, the GOP has its most racially diverse field of candidates to date, which could help expand its traditional voter base. • Democratic Momentum: Some recent trends show that Democrats may be poised to mitigate the torrential red wave expected earlier this year. The abortion rights debate has given some force to Democrats in certain swing districts – several special elections this summer following the Roe decision saw Republicans underperform, including in states carried solidly by Trump in 2020. Also, if Democrats perform well in the Senate, this could translate into better House results. • On the House Financial Services Committee (HFSC), most of the 54 committee members are in good spots to return next Congress (even if not to the Committee), although there are several races we’re watching. Rep. Cindy Axne (D-IA) is the most vulnerable HFSC member by far, with most pundits expecting her seat to flip. Reps. Casten (D-IL), Foster (D-IL), Gottheimer (D-NJ) and Wagner (R-MO) are also in races with the potential to be competitive. We’re keeping a close eye on each of these. <p>Key races to watch – below are some races that could help set the tone for election night – we hesitate to use the term bellwether, but these are a few races we wanted to flag:</p> <ul style="list-style-type: none"> • Virginia – Three female Democratic incumbents face tough races in the Commonwealth – Rep. Luria in the 2nd District, Rep. Wexton in the 10th, and Rep. Spanberger in the 7th (but for those of us in the Washington, DC media market, you already knew that Spanberger’s election is tight). As of now, Luria’s seat is expected to flip, Wexton is expected to hold on, and Spanberger’s is a toss-up. These three races could provide an early indication of how things could go in the House on election night. • New Jersey – After redistricting, Rep. Malinowski (D) is running in a district that has become redder, but after initially being considered an easy Republican flip, polls have shown that this race has become tighter. • Pennsylvania – The race to succeed Rep. Lamb (D) in the 17th District is considered a tossup, while incumbent Reps. Cartwright (D) and Wild (D) face tough re-election battles. • Maine – Former republican Rep. Poliquin is seeking to take back the House seat he lost in 2018 to now-Rep. Golden (D) by 1 percentage point. Maine’s rank-choice voting format seemingly helps Democrats’ chances, although Poliquin could ride a ‘red wave’ back into Congress.
<p>LOOKING AHEAD: LAME DUCK AGENDA</p>	<p>Since the Senate did not end up returning in October, a packed agenda is ahead for the remainder of the 117th Congress – and on a very tight calendar. For reference, the Senate only has 25 session days left this year (including the two days immediately following election day – November 9th and 10th), and as of now, the House is only scheduled to spend 17 more days in Washington. We should note, this is always subject to change and could be shortened or extended depending on when deals are reached on the various must-pass bills. Also, if Republicans win one or both chambers of Congress, this could dramatically alter the issues Democratic leadership prioritizes for these last few weeks. Particularly if Republicans are able to take back the Senate, we’ll see a race from Democrats to confirm outstanding nominees for agency and judicial positions, which will consume much of the already limited floor time and could restrict other measures from getting across the finish line. Either way, Senate Judiciary Committee Chair Durbin (D-IL) has said he wants to confirm 120</p>

judges by the time the new Senate is sworn in. While the final lame duck agenda will be largely dependent on the midterm election results, we've outlined some initial thoughts below.

- **Government funding:** Dec. 16th is the new deadline for Congress to pass FY2023 funding bills, or perhaps another continuing resolution (CR). We do not expect a government shutdown, but there are several plausible outcomes in play. Appropriators will continue negotiations over the next couple months to iron out the details of an omnibus bill, although the outcome of the midterms will ultimately influence the bill's trajectory and if any additional bills are going to be included. If Republicans take control of both chambers, it's possible they will advocate for passing another CR to allow the new GOP majorities to influence FY2023 funding levels. This is a less likely scenario if Republicans only take back the House. Both lead Appropriators, Sens. Leahy (D-VT) and Shelby (R-AL), are retiring at the end of this year, so we do expect – regardless of the midterms – that they will try to work out an omnibus package as a legacy item before they depart. That said, given the challenges we saw in getting an agreement on the recent CR, along with remaining disagreements, including on the defense budgets, skepticism remains that Congress can reach a deal on new funding levels this year.
- **FY2023 NDAA:** Defense policy talks continue and thus far, the starting point has been the House-passed version and the version that cleared the Senate Armed Services Committee this summer. Leader Schumer collected amendments from Senators prior to the October recess – and Armed Services Committee Chairman Reed (D-RI) and Ranking Member Inhofe (R-OK) are officially kicking off floor debate on the bill today (Oct. 11). Our understanding is that they will introduce a bipartisan “managers package” of amendments and then pick up consideration of the bill after the election – it is unclear whether they will use floor time on the bill or go straight to an official conference with the House. Committees outside of Armed Services are supposed to complete negotiations on items within their jurisdictions by Oct. 26 with the goal of passing a conferenced version of the bill shortly after Congress returns on Nov. 14. Because items not related to defense authorization will need sign off from all four relevant Chairs and Ranking Members, the bar for inclusion is very high. Amendments of note include Sen. Toomey's (R-PA) bill related to outbound investment and Sen. Durbin's (D-IL) related to credit card routing, although we believe both are unlikely to be included in a final package. In addition, we're following cyber-related amendments and the SAFE Banking Act which also face uphill battles for inclusion.
- **Tax extenders:** The September government funding date came and went without an agreement to add any provisions related to tax extenders. As a result, for a tax extender package to ultimately make it across the finish line it will need to hitch a ride to a larger legislative vehicle – a government funding vehicle, like an omnibus, or the NDAA. However, the scope and attachment of extraneous policy items to these vehicles will likely come down to how election day turns out for both sides. Several tax provisions that could have been included in an extender package were picked up and passed in the Inflation Reduction Act, including several related to green energy. As a result, few high-profile extenders are left. The most notable include full deduction of business meals, and business R&D amortization.
- **Other issues:**
 - **Retirement policy:** We still expect Congress to move retirement savings legislation during the lame duck, given its momentum and the rare widespread bipartisan support it has received in both chambers. The House overwhelmingly passed its version earlier this year – while the Senate has approved two separate bipartisan bills at the committee level – the EARN Act (Senate Finance Committee) and the RISE and SHINE Act (HELP Committee). The two Senate bills are expected to be merged and then pre-conferenced with the House legislation during the lame duck, with the goal of moving a comprehensive package before the year's end. It is likely a package would move on a larger legislative vehicle instead of moving as a standalone.

	<ul style="list-style-type: none"> ○ Permitting Reform: Sen. Manchin’s (D-WV) energy permitting bill remains in limbo after it was stripped from the CR last month due to pushback from members on both sides of the aisle. Manchin has said he still believes a deal can be reached this year given the backing of several GOP Senators, including Sen. Capito (R-WV), and we expect a final push from Manchin to advance this priority item before the year’s end. Manchin will likely be motivated to use last week’s announcement by the OPEC, led by Russia and Saudi Arabia, to cut oil production by 2M barrels per day, as an incentive to draw bipartisan support for his bill, but the task will be challenging. ○ Marriage equality: There is a good chance Congress passes legislation to codify the right to same-sex marriage. The Senate delayed a vote on the measure until after the midterms – with the hope that this helps to draw more GOP support. Several GOP Senators are already on board, including Sens. Collins (ME), Portman (OH) and Tillis (NC), but they will need the support of at least 10 to reach 60 votes. The House passed its own version in July, with the backing of 47 Republicans. ○ Stock Trading: The House failed to vote on a proposal limiting stock ownership and trading among top U.S. officials before the October recess. Upon entering government service, officials would have to either divest, liquidate or donate their financial investments, or put these assets into a qualified blind trust (this includes commodities, futures, cryptocurrencies, and other digital assets). Republicans are angry they were left out of the drafting process, so they are unlikely to assist in passing the bill. That said, Speaker Pelosi (D-CA) has made it a priority, and a group of Senators is also drafting legislation, so we expect this to remain a live issue. ○ Electoral Count Reform Act: The bipartisan bill has received a lot of attention, although supporters have been unable to make considerable progress up to this point. This is partially due to differences between the House and Senate versions – the House bill takes a more aggressive approach to constrain those involved in the presidential election process. Key differences will have to be reconciled, and we expect the Senate version to serve as the most likely vehicle. Sen. Toomey recently became the 11th GOP Sen. to endorse the bill giving it sufficient Republican support (so long as all 50 Democrats are in favor). We believe it’s likely a version of the bill could pass out of Congress and reach the president’s desk before the year is out. ○ Cannabis: President Biden pardoning those convicted of federal simple marijuana possession (about 6500 people) has reinvigorated the debate about what, if anything, can be done to make progress on cannabis reform before the end of the year. Administratively, Biden has also directed the Department of Justice and the Department of Health and Human Services to work together on a scientific review of how cannabis should be scheduled. For its part, Congress continues to look for ways to include some cannabis reforms in the remaining legislative vehicles for the calendar year. At the moment, our view is the most likely scenario would involve attaching the Safe+ package (SAFE Banking + other reforms, like research) to the year-end spending bill and not the final version of the NDAA. However, it remains a slight uphill battle with historical Republican opposition in the Senate.
<p>LOOKING AHEAD: 118TH CONGRESS – PARTY/COMMITTEE LEADERSHIP</p>	<p>While we will refrain from speculating too much on the 118th Congress until after November, a glimpse into what we can expect as we head into 2023 is included below. As the election results shake out, RFA will provide additional analysis on what the new Congress will look like, including party and committee leadership positions, and how this will alter the areas of focus for key committees and policy agendas.</p> <p>Party Leadership</p> <ul style="list-style-type: none"> • Senate – Democratic: Top Democrats are all planning to run again for their current posts and given the positive sentiment from other members of the Democratic caucus, we expect at least the top three to remain in place. Leader Schumer (NY) won’t face a challenger and Sen. Durbin (IL) is expected to remain as whip, regardless of the election

outcomes. Sen. Murray (WA) is expected to retain her slot as assistant Democratic leader, the No. 3 position, with Sen. Stabenow (MI) as No. 4.

- **Senate – Republican:** Regardless of which party is in control, Sen. McConnell (KY) will lead the GOP, with Sens. Thune (SD) and Barrasso (WY) staying on as the Nos. 2 and 3. Sen. Ernst (IA) is expected to go for the No. 4 position to replace retiring Sen. Blunt (MO), creating an opening in her current role as vice chair of the conference. Sen. Capito (WV) is running to replace Ernst in the No. 5 leadership slot. Sen. Rick Scott (FL) will not stay on as NRSC Chair, and we have heard Sen. Daines (MT) is a top contender here.
- **House – Democratic:** While several Democrats have said they see a scenario where the top three leadership roles remain intact, many expect that if they lose the majority, Speaker Pelosi (CA) will face enormous pressure to resign, a prospect that many say she is acutely aware of – although she hasn’t yet announced a definitive decision either way. Leadership slots will ultimately depend on Pelosi’s decision, so it’s still murky how things will play out at the top of the party. Leader Hoyer (MD) and Whip Clyburn (SC) could make another run, and Rep. Jeffries (NY) is considered the top contender for a leadership position if there are vacancies. A host of other members await if there is a wholesale leadership change, or even could challenge if the current slate wants to continue on, as many suggest Democrats need a new generation of leadership at the top.
- **House – Republican:** Operating under the assumption that Republicans win the majority, both Reps. McCarthy (CA) and Scalise (LA) are running unopposed for Speaker and Majority Leader, respectively. Meanwhile, the race for whip, the No. 3 position, is still underway between Reps. Emmer (MN), Ferguson (GA) and Banks (IN). Emmer seems to have the advantage given his role leading the NRCC, House Republicans’ main fundraising arm, although both Ferguson and Banks also enjoy notable positions within the party making them viable candidates. Ferguson is the chief deputy whip to current whip Scalise, while Banks chairs the Republican Study Committee – the largest House GOP conference. Notably, Rep. Stefanik (NY) opted to seek a 2nd term as Conference chair, ending speculation that she’d vie for the whip post. Stefanik will run against Rep. Donalds (FL) who also launched his own bid for the No. 4 role earlier this fall.
 - **On the Speakership...** Under party rules, the Speaker for a new Congress must be elected on Jan. 3rd by a majority vote of the full House – with at least 218 votes. If House Republicans only win a narrow majority, a small number of Republicans could prevent McCarthy from getting the requisite 218 votes. According to the House Parliamentarian, if no candidate reaches this threshold on the first ballot, then the House immediately proceeds to a second roll call vote, this time with no restrictions on who can receive votes. The House would then continue to vote as many times as it takes for a candidate to get the 218 required votes.

Committee Leadership (Senate)

Regardless of which party takes control of the Senate, we will see the passing of gavels on various major committees due to a number of retirements – all seven retiring Senators (six Republicans, one Democrat) hold a committee leadership position. This includes both lead Appropriators, whose departures will set off a chain reaction as these spots will be filled by Senators who currently lead other Committees, and so on. Given that Senate Committee leadership is predominantly based upon seniority, we have a good idea of who will move into each opening leadership position, for instance, we know Sens. Brown (D-OH) and Scott (R-SC) will head the Banking Committee irrespective of which party is in the majority (more on this in the next section). Otherwise, at this point we will save our assumptions until after the elections.

Committee Leadership (House)

The House will also see a shuffle in committee leadership, with at least seven committee leaders departing from Congress. The race to replace these members has already begun in full force, although we expect the party steering committees won’t announce decisions until later this year or early next. While seniority is certainly a factor, especially for Democrats, it is less binding on most

	<p>House Committees than in the Senate. Notably, Reps. Connolly (VA) and Lynch (MA) seem to be the top contenders to take over as the lead Democrat on the Oversight Committee to replace Rep. Maloney (D-NY), and Rep. Buchanan (R-FL) and Rep. Jason Smith (R-MO) are locked in a head-to-head-battle to replace Republican Rep. Brady (TX) at the top spot of Ways & Means.</p>
<p>LOOKING AHEAD: <i>SENATE BANKING & HOUSE FINANCIAL SERVICES COMMITTEES</i></p>	<p>Despite shakeups expected across Congress and on various Committees, we anticipate slightly more consistency, or at least predictability, on both the Senate Banking Committee (SBC) and House Financial Services Committee (HFSC). On SBC, it is widely understood that Sen. Tim Scott will replace outgoing Sen. Toomey as the lead Republican on the Committee – either as Chair or Ranking Member, and that Sen. Brown will maintain his post as the lead Democrat. In HFSC, both Chair Waters (D-CA) and RM McHenry (R-NC) will presumably keep their positions as committee leaders, irrespective of which party takes control. We’ll dive deeper into the expected agendas on both committees after the elections but have included some initial thoughts below.</p> <p>Senate Banking Committee</p> <ul style="list-style-type: none"> • If Sen. Brown remains Chair, we’ll likely see a similar agenda as the last two years focused on housing, racial equity initiatives, climate, and scrutiny over large financial institutions, cryptocurrency, and private equity. If there is a split Congress, and Brown’s legislative priorities are stifled, he could put even more of an emphasis on the latter, with more headliner-esque hearings with various financial services executives. • If control of the Senate switches and Sen. Scott takes the Chairmanship, we expect he will focus on financial access/inclusion and financial technology-related issues. Given his insurance background, we could also see a stronger focus there. Scott is not as concentrated on issues like crypto and the politicization of corporations, as we’ve seen with current Ranking Member Toomey. • SBC currently mirrors the Senate’s 50-50 split with an even 12-12 party split. Assuming that one party takes control, even by a modest amount, there will no longer be equal representation on Committee, meaning Senators will be both added and removed. <p>House Financial Services Committee</p> <ul style="list-style-type: none"> • If our predictions are right and RM McHenry takes the chairmanship, there will be a significant shift in committee priorities. First and foremost, we anticipate a robust oversight agenda of Biden-appointed regulators, with SEC Chair Gensler likely to be called to testify right away. Cryptocurrency will continue to be a top item and McHenry has already publicly stated that he intends to focus on capital formation and data privacy. • Right now, at least seven HFSC members will not be returning next congress: Reps. Maloney (D-NY), Perlmutter (D-CO), Budd (R-NC) Zeldin (R-NY), Hollingsworth (R-IN), A. Gonzalez (R-OH), and Taylor (R-VA). The number of departures could increase with election losses, and as others potentially move on to other Committees (i.e., Rep. Steil (R-WI) could move to Ways & Means, thus forgoing his HFSC seat). • We expect Committee assignments and the Republican-Democrat ratio on HFSC to be announced early next year. For now, we’ll highlight several names we consistently hear as likely contenders for spots on HFSC (assuming they win their races). On the Republican side: Reps. Young Kim (CA), Byron Donalds (FL), Andrew Garbarino (NY), Dan Meuser (PA), Maya Flores (TX), Mike Flood (NE), and former-Rep. Bruce Poliquin (ME). Given that Democrats generally expect to lose seats in the House (regardless of whether they keep the majority), there is less campaigning going on for Democratic seats on HFSC. Rather, some members at the bottom of the dais could fall off the committee roster.