



# Credit Union-Friendly Majority in a Divided Congress

a post-election analysis

*November 8, 2018*

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# INTRODUCTION

In the first election since the shockwave that elevated Donald J. Trump to become the 45th President of the United States, the American people have chosen to send a tempered rebuke. Exit polls showed Americans were deeply concerned about the direction of the country, despite the strong economy, and health-care was a major priority for many voters. Nevertheless, a challenging map for Democrats in statewide races offered Republicans some measure of success, particularly in the Senate.

Historically, the first midterm of a new presidency serves as a referendum on the performance and policies of the occupant of the Oval Office, and this cycle was no exception. The chips have been on the table for many months now, and the cards are now down. This document tries to make some sense of what happened on election night and its impact on credit unions. Here we provide an analysis of the election not only on the overall results but also the key races in which credit unions participated and introduce you to the new credit union champions coming to Congress. Additionally, we look at what this election means for us as we prepare to approach the new Congress and the administration, focusing on the changes we expect in key committees and the ongoing regulatory agenda of the administration.

Here's what we know: When the new Congress begins in early January, it will splinter Republican control of government, with the House now controlled by Democrats, and the Senate and White House remaining under Republican control.

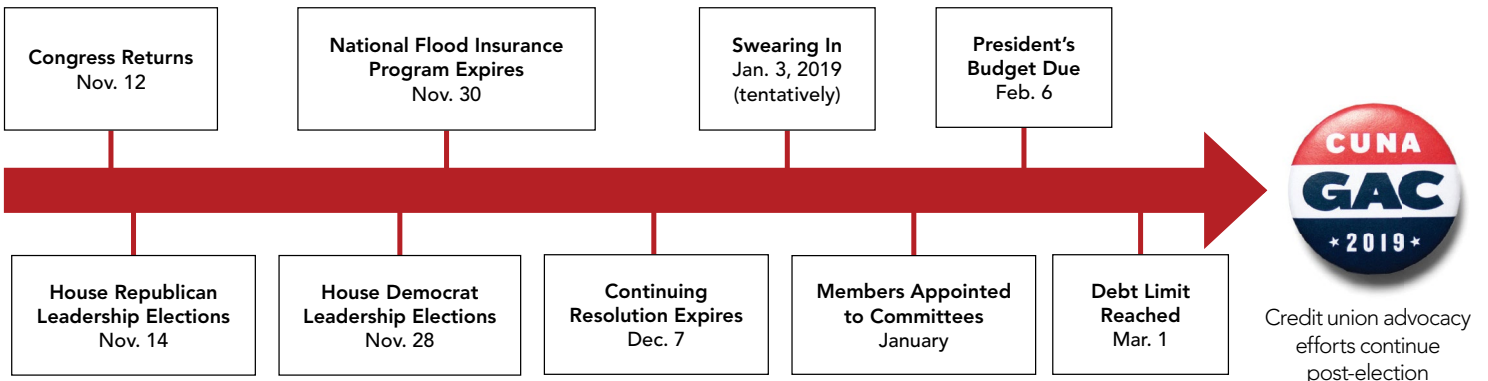
CUNA will continue educating Members of Congress on the credit union difference and work to ensure that credit unions are part of their economic agendas. Fortunately, credit unions have champions in Congress who understand and are committed to the credit union difference.

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When we go into the voting booth, we may be Democrats, Republicans, Libertarians, Greens or Independents. But when we advocate for credit unions, we are part of the credit union party.

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## KEEPING THE MOMENTUM



Having friends and champions in Congress who understand the credit union difference is important not only because securing regulatory relief and expanding credit union powers frequently requires statutory changes to be enacted into law, but also because Congress can exercise tremendous influence on credit unions' regulatory environment merely through its oversight functions. The good news is that credit union supporters in Congress did quite well on election night. In fact, voters returned a pro-credit union majority to Congress, thanks to our combined efforts.

CUNA, Leagues, and credit unions invested nearly \$7 million in 388 House and Senate races this year, winning 349 of them (with the total number to rise as more races are called). Champions like Senators Jon Tester (D-MT) and Joe Manchin (D-WV) and Representatives Mike Bost (R-IL), Ted Budd (R-NC), Steve Chabot (R-OH), and Rodney Davis (R-IL) will be returning to Congress after winning difficult races with the help of CUNA/League-funded advertising. At least 45 new Members of Congress will be sworn in having won their elections with credit union backing, both financial and grassroots, for their campaigns.

Our participation in these races was made possible by generous contributions from credit union employees, volunteers and members to the Credit Union Legislative Action Council (CULAC) and by credit unions, Leagues and CUNA to the National Advocacy Fund (NAF). Our political wins help to position us well in what is unquestionably a challenging legislative environment.

When we go into the voting booth, we may be Democrats, Republicans, Libertarians, Greens or Independents, but we are all credit union advocates. The good news is that headed into the 116th Congress, there is a credit union majority in Congress.



**SEN.**

Jon Tester (D-MT)



**REP.**

Steve Chabot (R-OH)

# KEY ELECTION NIGHT RESULTS FOR CREDIT UNIONS

## BROAD OVERVIEW

CUNA has a singular goal when it comes to political activity around any federal election: ensuring the next Congress features a pro-credit union majority. The 2018 midterms were no different. Working with our League partners and member credit unions, we set out to identify and elect credit union champions to the U.S. House and Senate, regardless of party affiliation, background, or political ideology. Despite the increased partisanship and volatility that has so gripped our national political conversation, we succeeded.

We knew going in that this election would be challenging for many pro-credit union incumbents, with many Democratic Senators seeking re-election in red states and many House Republicans running in blue districts. We especially wanted to protect those incumbents who drove our legislative success in the 115th Congress – whether protecting the credit union tax status in a once-in-a-generation tax reform bill or passing needed regulatory relief in S. 2155 – as they faced tough re-election fights.

That's why CUNA and our League partners, via CULAC and our National Advocacy Fund (NAF), invested a record \$7 million in political activity on behalf of 388 U.S. House and Senate candidates on Tuesday's ballot. This included a record \$3.6 million in direct financial contributions to candidate campaigns, split 50/50 between Republicans and Democrats. It also included another \$3.4 million spent on paid political communications in select races, including ads on TV, radio, online, and in mailboxes. Our messaging reached millions of voters across 15 races in 11 states, in each case, encouraging support for the pro-credit union candidate.

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**\$7 million to support credit union-friendly candidates**

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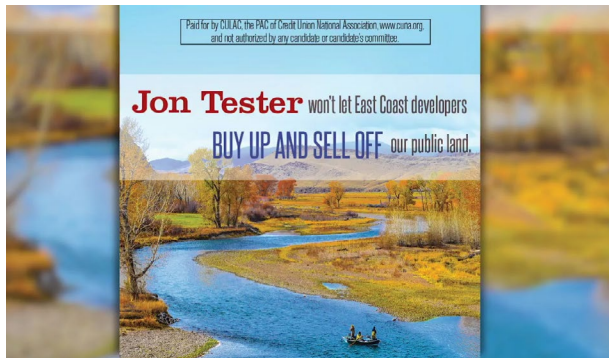
## CULAC-supported victories in all



## GOING ABOVE AND BEYOND FOR VULNERABLE CHAMPIONS

Overall, our investments paid off. Of the 388 candidates backed by CULAC, 349 have won election to the 116th Congress, with another 9 candidates in races that as of this writing are still uncalled. For a full listing of candidates backed and winners, click [here](#).

While some important credit union champions lost on Tuesday, our efforts undoubtedly made the difference in helping others win tight races. Some cases in point:



Sen. Joe Manchin (D-WV) won as a Democrat in a very red state, with help from partisan communication mailers sent to credit union households by CUNA and the West Virginia Credit Union League.

Sen. Jon Tester (D-MT) won his reelection to a third term. CULAC spent \$250,000 on [radio ads](#) and direct mail aimed at swing voters.



In Ohio's First District, Rep. Steve Chabot (R) won a tight race with help from \$200,000 worth of [television and digital ads](#) paid for by CULAC.

In Illinois, partisan communication mailers sent by CUNA and the Illinois Credit Union League to credit union households helped Rep. Rodney Davis (R) and Rep. Mike Bost (R) win tight races.



In Maine's Second District, Rep. Bruce Poliquin (R) benefited from mailers and [digital ads](#) directed to credit union members by CUNA and the Maine Credit Union League. As of this writing, the race is uncalled but Poliquin is ahead.

Rep. Tom O'Halleran (D-AZ) won one of the closest races involving a Democratic incumbent. CULAC funded direct mailers to swing voters.

Rep. Ted Budd (R-NC) won a tight race with assistance from mailers sent by CUNA and the Carolinas Credit Union League to credit union households.

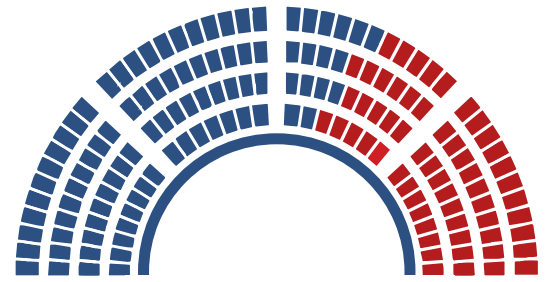


In Mississippi, incumbent Sen. Cindy Hyde-Smith (R), for whom CULAC ran [television ads](#), was assured a spot in the November 27th run-off with former Secretary of Agriculture Mike Espy (D). Regardless of the outcome of that race, credit unions will have a friend in that Senate seat.

## NEW CREDIT UNION CHAMPIONS

Our focus was not limited to protecting key incumbents. CUNA, in partnership with the Leagues, vetted hundreds of candidates for “open” Congressional seats, in which no incumbent was running, seeking to identify the best future champions for credit unions. We ultimately invested CULAC funds in backing 48 candidates in these races. Forty-five (45) of those candidates won (with 1 open seat race involving CULAC candidate still uncalled as of this writing). We even backed a candidate – Abby Finkenauer (D-IA) – who challenged and defeated an incumbent Congressman who had questioned credit unions’ tax status.

Thus, at least 46 members of the incoming freshman class will arrive in Washington with both an understanding of the credit union difference and an appreciation of the political support credit unions can provide.



**221 Democrats**  
**197 Republicans**  
**11 Uncalled**

As of 1:30 pm ET, 11/8/18

## FRESHMAN MEMBERS OF THE HOUSE WITH CULAC BACKING

### HOUSE

<b>Joe Neguse</b> (D-CO-02)	<b>Jeff Van Drew</b> (D-NJ-02)	<b>Dusty Johnson</b> (R-SD-At large)
<b>Michael Waltz</b> (R-FL-06)	<b>Mikie Sherrill</b> (D-NJ-11)	<b>Tim Burchett</b> (R-TN-02)
<b>Ross Spano</b> (R-FL-15)	<b>Debra Haaland</b> (D-NM-01)	<b>Mark Green</b> (R-TN-07)
<b>Greg Steube</b> (R-FL-17)	<b>Susie Lee</b> (D-NV-03)	<b>Dan Crenshaw</b> (R-TX-02)
<b>Ed Case</b> (D-HI-01)	<b>Steven Horsford</b> (D-NV-04)	<b>Van Taylor</b> (R-TX-03)
<b>Russ Fulcher</b> (R-ID-01)	<b>Joseph Morelle</b> (D-NY-25)	<b>Lance Gooden</b> (R-TX-05)
<b>Chuy Garcia</b> (D-IL-04)	<b>Anthony Gonzalez</b> (R-OH-16)	<b>Ron Wright</b> (R-TX-06)
<b>Greg Pence</b> (R-IN-06)	<b>Kevin Hern</b> (R-OK-01)	<b>Veronica Escobar</b> (D-TX-16)
<b>Lori Trahan</b> (D-MA-03)	<b>Madeleine Dean</b> (D-PA-04)	<b>Chip Roy</b> (R-TX-21)
<b>Andy Levin</b> (D-MI-09)	<b>Mary Gay Scanlon</b> (D-PA-05)	<b>Sylvia Garcia</b> (D-TX-29)
<b>Rashida Tlaib</b> (D-MI-13)	<b>Chrissy Houlahan</b> (D-PA-06)	<b>Ben Cline</b> (R-VA-06)
<b>Ilhan Omar</b> (D-MN-05)	<b>Dan Meuser</b> (R-PA-09)	<b>Bryan Steil</b> (R-WI-01)
<b>Michael Guest</b> (R-MS-03)	<b>Dr. John Joyce</b> (R-PA-13)	
<b>Kelly Armstrong</b> (R-ND-At large)	<b>Guy Reschenthaler</b> (R-PA-14)	
<b>Chris Pappas</b> (D-NH-01)	<b>William Timmons</b> (R-SC-04)	

\*Young Kim (R-CA-39) is leading, but the race is not yet called.

Finally, it’s worth noting that our strategic investments caused many in Washington to take notice of CUNA’s increased role as a major political player. This election cycle saw banking trade associations engaging in independent expenditure (IE) activity for the first time – no doubt a reaction at least in part to CUNA’s engagement in IEs over the past two decades. Furthermore, our ads and political investments were highlighted in coverage in two widely-read Beltway publications, [Politico](#) and [The Hill](#). The bottom-line: Capitol Hill and the wider political community are starting to take notice of the outsized role CUNA, Leagues and credit unions play in electoral politics on behalf of pro-credit union candidates.

## STATE ELECTION RESULTS

Twenty new governors were elected in the 2018 midterms. The Democrats picked up seven gubernatorial seats while the Republicans lost seven. The current balance of power in the states is twenty-three Democratic governors, twenty-five Republican governors, and one Independent with one state uncalled (Georgia). Two of the states where we have encountered bank attacks, Illinois and Wisconsin, had their governorships change to Democratic from Republican. In South Dakota, the new Governor is Republican Kristi Noem who takes over for Republican Dennis Daugaard. Iowa's Republican Governor, Kim Reynolds, fought back a strong challenge from Democrat Fred Hubbell.

The Democratic party pulled out big victories across state legislatures, flipping six chambers and adding to supermajorities in more. In Colorado, for example, Democrats now control the state Senate and maintained control of the House of Representatives while Democrat Jared Polis won the governorship, giving the party the "trifecta" of power in the state. Maine and Connecticut saw their Senate chambers flip to Democratic control, also moving them to Democratic trifectas. In New Hampshire, for the first time in a decade, Democrats took control of both legislative chambers. Minnesota is currently the only state in the nation where the legislature is divided; the last time only one state had a divided legislature was 1914. The Senate remains to be in Republican control, while Democrats captured the House.

There will also be a Democratic trifecta in New York after the party took back control of the state's Senate. Democrats have numerically held the majority there previously, but for years a group of Democratic Senators caucused with Republicans. The reverse occurred in Alaska, Republicans reclaimed control from a minority coalition of Democrats in the State House as well as winning the governorship to ensure a trifecta for the Republicans.

## THE 116TH CONGRESS

### HOUSE OF REPRESENTATIVES

Democrats have taken the majority and gained control of the House of Representatives. At press time, Democrats are sitting with a three-seat majority; however, there are still approximately 11 races outstanding, so the margin is expected to grow. We are operating under the assumption that Nancy Pelosi (D-CA) will be elected to the position of Speaker of the House. Given that Republicans will remain in control of the Senate and the Administration, it will be crucial for both sides of the aisle to find common ground if this is to be an effective Congress.

### LEADERSHIP ELECTIONS

In November, both parties will meet to elect party leadership for the 116th Congress. These elections are conducted under each caucus's rules and generally take place in private using secret ballot.

Even though there are some in the Democratic Caucus that have indicated their reluctance to elect Nancy Pelosi (D-CA) as Speaker, it still seems very likely that she will claim the position, even if only for a short while. As has been reported, Pelosi recently indicated that she could possibly consider her role as Speaker, if elected, a transitional one and transfer leadership power to a new generation after a short time. If Pelosi is elected as Speaker, we expect Rep. Steny Hoyer (D-MD) to be elected as Majority Leader and Rep. Jim Clyburn (D-SC) as Majority Whip.

There will be some changes to the secondary tiers of Democratic Leadership. Democratic Caucus Chair Rep. Joe Crowley (D-NY) lost his primary, leaving a vacancy. Democratic Caucus Vice Chair Linda Sanchez had announced her bid for full Caucus Chair; however, she recently took herself out of the running. With



Sanchez no longer running for leadership, Reps. Barbara Lee (D-CA) and Hakeem Jeffries (D-NY) will battle it out for Caucus Chair. With Sanchez (D-CA) now running for leadership for full Caucus Chair, that leaves an opening for Democratic Caucus Vice Chair. Reps. Katherine Clark (D-MA) and Pete Aguilar (D-CA) have announced their bids to replace Sanchez. Additionally, there is expected to be a race for the position of Assistant Democratic Leader, currently held

by Rep. Jim Clyburn (D-SC), amongst Reps. Ben Ray Lujan (D-NM) and Cheri Bustos (D-IL). Finally, Reps. Denny Heck (D-WA) and Suzan DelBene (D-WA) will go head to head to vie for the position of DCCC Chair.

The Republican Conference might have some new leaders in the 116th Congress, though Kevin McCarthy (R-CA) is expected to be elected as Minority Leader and Steve Scalise (R-LA) is expected to be elected as Minority Whip. That said, House Freedom Caucus Founder Jim Jordan (R-OH) is challenging McCarthy. As it relates to the Conference Chairmanship, Liz Cheney (R-WY) is challenging Cathy McMorris Rodgers (R-WA). National Republican Congressional Committee Deputy Chair Mimi Walters (R-CA) or Vice Chair for Fundraising Ann Wagner (R-MO), a member of the House Financial Services Committee, is expected to take the helm from current Chair, Steve Stivers (R-OH).

## KEY COMMITTEES

Credit union issues present themselves in several committees in the House of Representatives, including the committees on Financial Services, Ways and Means, Energy and Commerce, Appropriations, and Judiciary. There will be some changes in committee leadership due to retirements. In addition, we expect to see new faces on the committees as vacant seats are filled and committee ratios adjusted.

## HOUSE FINANCIAL SERVICES COMMITTEE

The House Financial Services Committee has jurisdiction over the Federal Credit Union Act and other major banking and consumer financial protection laws. It oversees the National Credit Union Administration and the National Credit Union Share Insurance Fund, the Federal Housing Finance Administration, the Federal Reserve Board of Governors, the Consumer Financial Protection Bureaus and other federal financial and banking agencies.

With Democrats now in the majority, Representative Maxine Waters (D-CA) is expected to become Chairwoman of the committee. Rep. Jeb Hensarling (R-TX) announced his retirement, leaving a vacancy for the top Republican slot on the Committee. Rep. Patrick McHenry (R-NC) will likely become Ranking Member of the Committee.

Although most members of the committee are likely to return, we expect to see a number of new faces. Three Democratic Members announced their bids for higher office – Reps. Keith Ellison (D-MN), Kyrsten Sinema (D-AZ), and John Delaney (D-MD). Additionally, one Democrat lost his reelection bid – Rep. Michael Capuano (D-MA) – and one Democrat announced his retirement – Rep. Ruben Kihuen (D-NV). It is also possible, but not certain, that Reps. Dan Kildee (D-MI) and Gwen Moore (D-WI) will leave the Financial Services

## EXPECTED HOUSE LEADERSHIP

US House Majority Leadership		US House Minority Leadership	
<b>Speaker</b>	Nancy Pelosi (CA)	<b>Leader</b>	Kevin McCarthy (CA) or Jim Jordan (OH)
<b>Leader</b>	Steny Hoyer (MD)	<b>Whip</b>	Steve Scalise (LA)
<b>Whip</b>	Jim Clyburn (SC)	<b>Conference Chair</b>	Liz Cheney (WY)
<b>Assistant Leader</b>	Ben Ray Lujan (NM) or Cheri Bustos (IL)	<b>Conference Vice Chair</b>	Mark Walker (R-NC)
<b>Caucus Chair</b>	Barbara Lee (CA) or Hakeem Jeffries (NY)	<b>NRCC</b>	Mimi Walters (CA) or Ann Wagner (MO)
<b>Caucus Vice Chair</b>	Katherine Clark (MA) or Pete Aguilar (CA)		
<b>DCCC Chair</b>	Denny Heck (WA), Suzan DelBene (WA),		

Committee for the Ways and Means Committee. Committee reassignments may not be announced until January.

In addition to Chairman Hensarling, several Republican members of the Committee will also retire from Congress: Ed Royce (R-CA); Steve Pearce (R-NM); Dennis Ross (R-FL); Robert Pittenger (R-NC); Luke Messer (R-IN); and Dave Trott (R-MI). Additionally, Representatives Randy Hultgren (R-IL), Keith Rothfus (R-PA), and Claudia Tenney (R-NY) lost their races. As of this writing, results for Representatives Mia Love (R-UT), and Bruce Poliquin (R-ME) have not been called. Note Representative David Kustoff (R-TN) might leave the Financial Services Committee for the Ways and Means Committee.

It is possible for some shift in the leadership of the subcommittees as well:

If McHenry becomes Ranking Member, the only subcommittee chair that will likely change is Terrorism and Illicit Finance as Pearce will not return to Congress next year.

It is anticipated that the full committee's agenda will focus on consumer protection and include legislation that is aimed at helping lower-income Americans. It is possible that the committee works on GSE reform, BSA/AML, and data breach legislation, among other things. Additionally, it is almost certain that the committee will utilize its investigative and subpoena power in the new Congress.

Returning Members of the House Financial Services Committee	
Democrats	Republicans
Maxine Waters (D-CA)	Peter King (R-NY)
Carolyn Maloney (D-NY)	Frank Lucas (R-OK)
Nydia M. Velazquez (D-NY)	Patrick McHenry (R-NC)
Brad Sherman (D-CA)	Bill Posey (R-FL)
Gregory Meeks (D-NY)	Blaine Luetkemeyer (R-MO)
Wm. Lacy Clay (D-MO)	Bill Huizenga (R-MI)
Stephen Lynch (D-MA)	Sean Duffy (R-WI)
David Scott (D-GA)	Steve Stivers (R-OH)
Al Green (D-TX)	Ann Wagner (R-MO)
Emanuel Cleaver II (D-MO)	Andy Barr (R-KY)
Gwen Moore (D-WI)	Scott Tipton (R-CO)
Ed Perlmutter (D-CO)	Roger Williams (R-TX)
James Himes (D-CT)	Bruce Poliquin (R-ME)*
Bill Foster (D-IL)	Mia Love (R-UT)*
Daniel Kildee (D-MI)	French Hill (R-AR)
Joyce Beatty (D-OH)	Tom Emmer (R-MN)
Denny Heck (D-WA)	Lee Zeldin (R-NY)
Juan Vargas (D-CA)	Barry Loudermilk (R-GA)
Josh Gottheimer (D-NJ)	Alex Mooney (R-WV)
Vicente Gonzalez (D-TX)	Warren Davidson (R-OH)
Charlie Crist (D-FL)	Ted Budd (R-NC)
	David Kustoff (R-TN)
	Trey Hollingsworth (R-IN)

Full Committee:	
<b>House Financial Services Chair</b>	<b>Maxine Waters (D-CA)</b>
Subcommittees	
Capital Markets	Carolyn Maloney (D-NY)
Financial Institutions	Lacy Clay (D-MO)
Housing and Insurance	Emmanuel Cleaver (D-MO)
Monetary Policy and Trade	Gwen Moore (D-WI) or TBD if Rep. Moore moves to Ways and Means
Oversight and Investigations	Al Green (D-TX)
Terrorism and Illicit Finance	Ed Perlmutter (D-CO)

## HOUSE WAYS AND MEANS COMMITTEE

For credit unions, the House Ways and Means Committee holds significant importance because it has jurisdiction over the credit union federal income tax status as well as the Unrelated Business Income Tax (UBIT), the new excise tax on certain not-for-profit executive compensation, the mortgage interest deduction, as well as federal tax compliance burdens.

With the Democrats seizing control of the House, a leadership change on Ways and Means will occur. Representative Richard Neal (D-MA) is the presumptive favorite to be chosen to chair the Committee. Representative Kevin Brady (R-TX) will likely become the Ranking Member of the committee.

Twelve members of the committee are retiring, were defeated for reelection, or ran for the U.S. Senate or other statewide office. Representatives Sam Johnson (R-TX), Dave Reichert (R-WA), Peter Roskam (R-IL), Lynn Jenkins (R-KS), Erik Paulsen (R-MN), Diane Black (R-TN), Jim Renacci (R-OH), Kristi Noem (R-SD), Carlos Curbelo (R-FL), Mike Bishop (R-MI), Sander Levin (D-MI), and Joe Crowley (D-NY) will not be returning for the 116th Congress in January.

Once in a generation tax reform legislation was enacted into law in the 115th Congress. CUNA and its allies successfully defended the federal income tax exemption for credit unions. This monumental achievement took the form of hundreds of meetings with lawmakers and their staff as well as tens of thousands of letters, phone calls, and emails from credit union advocates to lawmakers on Capitol Hill. Complete guidance to effectively comply with the new law remains elusive however, especially with regards to the new excise tax on certain executive compensation as well as new UBIT provisions related to certain employer provided benefits like transportation and athletic facilities.

Tax and oversight issues are likely to generate significant Ways and Means committee action in the 116th Congress. Tax extenders, as mentioned above, including the deduction of mortgage insurance premiums and extending the tax exclusion for forgiven mortgage debt, will need to be addressed if the lame duck Congress fails to extend them. The Committee is also likely to take a hard look at the Tax Cuts and Jobs Act of 2017 (TCJA) and attempt to make minor changes to the tax code, to enhance the Earned Income Tax Credit, for example. They are also likely to push “messaging bills” like tax increases on corporations and the wealthy. House Democrats have also announced that they plan to use the committee to initiate investigations into the finances of President Trump and his family. Health care affordability and access is also high on the list of the committee’s priorities. Retirement security may be one area where both parties can agree to work together to enhance savings products. Prior to the midterm election, President Trump proposed a 10 percent middle class tax cut. It is unlikely that this proposal will be actively pursued by the new Ways and Means Chairman.

CUNA remains vigilant in our defense of the credit union tax status, given the large uptick in bank attacks this year. In addition, threats in Congress remain. For example, retiring Senate Finance Committee Chairman Orrin Hatch (R-UT) launched an investigation this year into credit unions, writing to the NCUA and questioning the rationale for the credit union tax status. He also wrote the IRS and urged it to require federal credit unions to complete and file IRS Form 990s.

Returning Members of the House Ways and Means Committee	
Democrats	Republicans
Richard Neal (D-MA)	Kevin Brady (R-TX)
John Lewis (D-GA)	Devin Nunes (R-CA)
Lloyd Doggett (D-TX)	Vern Buchanan (R-FL)
Mike Thompson (D-CA)	Adrian Smith (R-NE)
John Larson (D-CT)	Kenny Marchant (R-TX)
Earl Blumenauer (D-OR)	Tom Reed (R-NY)
Ron Kind (D-WI)	Mike Kelly (R-PA)
Bill Pascrell (D-NJ)	George Holding (R-NC)
Danny Davis (D-IL)	Jason Smith (R-MO)
Linda Sanchez (D-CA)	Tom Rice (R-SC)
Brian Higgins (D-NY)	Dave Schweikert (R-AZ)
Terri Sewell (D-AL)	Jackie Walorski (R-IN)
Suzan DelBene (D-WA)	Darin LaHood (R-IL)
Judy Chu (D-CA)	Brad Wenstrup (R-OH)

## HOUSE ENERGY AND COMMERCE COMMITTEE

The Energy and Commerce committee is considered an “A” committee (along with Financial Services, Ways and Means, and Appropriations) by both the Republicans and the Democrats, so once members receive a seat on this committee they do not generally leave it for another committee. The only Member not returning to the Committee on the Democratic side is Rep. Gene Green (R-TX), who announced his retirement earlier this Congress. On the Republican side, there are several vacancies due to retirements: Joe Barton (R-TX); Marsha Blackburn (R-TN); Gregg Harper (R-MS); Kevin Cramer (R-ND); and Ryan Costello (R-PA).

Now that Democrats are in the majority, we are preparing for Rep. Frank Pallone (D-NJ) to become Chairman of the committee and Rep. Greg Walden (D-OR) to become Ranking Member.

The Energy and Commerce Committee holds joint jurisdiction with Financial Services over data security. In order for the committee to develop joint, comprehensive data security legislation that includes a strong national data security standard which holds all in the payments ecosystem accountable and strong breach notification requirements, CUNA will make the Energy and Commerce Committee a major focus of its advocacy.

Additionally, the committee holds jurisdiction over the Telephone Consumer Protection Act (TCPA). CUNA looks forward to working with the committee to modernize TCPA so that credit unions can continue to communicate with their members efficiently and effectively, while simultaneously providing consumer protections.

## HOUSE APPROPRIATIONS COMMITTEE

With the Democrats seizing control of the House, a leadership change on the Appropriations Committee will occur. Representative Nita Lowey (D-NY) is the presumptive favorite to be chosen to Chair the Committee. Retiring Representative Rodney Frelinghuysen (R-NJ) will be stepping down as Chairman of the committee at the end of the 115th Congress and his likely successors as Ranking Member include current Subcommittee Chairmen Kay Granger (R-TX), Robert Aderholt (R-AL), Mike Simpson (R-ID), and Tom Graves (R-GA).

Inasmuch as the Appropriations Committee has historically been a marque committee, the membership of this committee generally shares two common characteristics: seniority in Congress and electoral security. It is rare for a member of the Appropriations Committee to jump ship to another committee; likewise, it is rare for a member of this committee to be defeated for reelection.

Six members of the committee are retiring, were defeated for reelection, or ran for the U.S. Senate or

Returning Members of the House Energy and Commerce Committee	
Democrats	Republicans
Frank Pallone (D-NJ)	Greg Walden (R-OR)
Bobby Rush (D-IL)	Fred Upton (R-MI)
Anna Eshoo (D-CA)	John Shimkus (R-IL)
Eliot Engel (D-NY)	Michael Burgess (R-TX)
Diana DeGette (D-CO)	Steve Scalise (R-LA)
Mike Doyle (D-PA)	Bob Latta (R-OH)
Jan Schakowsky (D-IL)	Cathy McMorris Rodgers (R-WA)
G.K. Butterfield (D-NC)	Brett Guthrie (R-KY)
Doris Matsui (D-CA)	Pete Olson (R-TX)
Kathy Castor (D-FL)	David McKinley (R-WV)
John Sarbanes (D-MD)	Adam Kinzinger (R-IL)
Jerry McNerney (D-CA)	Morgan Griffith (R-VA)
Peter Welch (D-VT)	Gus Bilirakis (R-FL)
Ben Ray Lujan (D-NM)	Billy Long (R-MO)
Paul Tonko (D-NY)	Larry Buchson (R-IN)
Yvette Clarke (D-NY)	Bill Flores (R-TX)
Dave Loebsack (D-IA)	Susan Brooks (R-IN)
Kurt Schrader (D-OR)	Markwayne Mullin (R-OK)
Joe Kennedy (D-MA)	Richard Hudson (R-NC)
Tony Cardenas (D-CA)	Tim Walberg (R-MI)
Raul Ruiz (D-CA)	Mimi Walters (R-CA)*
Scott Peters (D-CA)	Buddy Carter (R-GA)
Debbie Dingell (D-MI)	Jeff Duncan (R-SC)

other statewide office. Representatives Rodney Frelinghuysen (R-NJ), John Culberson (R-TX), Kevin Yoder (R-KS), Tom Rooney (R-FL), David Young (R-IA), and Scott Taylor (R-VA) will not be returning to the 116th Congress in January.

As the Appropriations Committee develops legislation to fund the federal government, it wields the significant ability to insert legislative riders and bill report language into “must-pass” bills. These so-called “riders”, at least those that survive the entire legislative process, often provide significant legislative victories for legislative ideas and bills that do not make it through the normal Congressional lawmaking process. Democrats on this committee have opposed such legislative riders in the past.

## HOUSE JUDICIARY COMMITTEE

The Judiciary Committee holds jurisdiction over the Americans with Disabilities Act (ADA). Credit unions across the country have been threatened with litigation from law firms seeking to profit from ambiguities in requirements for website accessibility under the ADA. CUNA has, and will continue, to work with the committee on efforts to either amend the ADA to establish website standards or ensure the Department of Justice provides guidance to ensure that credit unions and the disabled both have certainty and protection.

On the Democratic side, two Members announced their retirement earlier this Congress, Ranking Member John Conyers (D-MI) and Rep. Luis Gutierrez (D-IL). On the Republican side, Bob Goodlatte (R-VA), Lamar Smith (R-TX), Darrell Issa (R-CA), Ted Poe (R-TX), Trey Gowdy (R-SC), Raul Labrador (R-ID) are retiring. Keith Rothfus (R-PA) lost his race.

Rep. Jerry Nadler (D-NY) was elected as Ranking Member of the committee shortly after Conyers retirement. With Democrats now in control of the House, we foresee Rep. Nadler becoming Chairman of the Judiciary Committee. And with Goodlatte’s retirement, either Steve Chabot (R-OH) or Doug Collins (R-GA) will likely become Ranking Member.

Returning Members of the House Appropriations Committee	
Democrats	Republicans
Nita M. Lowey (D-NY)	Hal Rogers (R-KY)
Marcy Kaptur (D-OH)	Robert B. Aderholt (R-AL)
Peter J. Visclosky (D-IN)	Kay Granger (R-TX)
Jose E. Serrano (D-NY)	Michael K. Simpson (R-ID)
Rosa L. DeLauro (D-CT)	John R. Carter (R-TN)
David E. Price (D-NC)	Ken Calvert (R-CA)
Lucille Roybal-Allard (D-CA)	Tom Cole (R-OK)
Sanford D. Bishop (D-GA)	Mario Diaz-Balart (R-FL)
Barbara Lee (D-CA)	Charles W. Dent (R-PA)
Betty McCollum (D-MN)	Tom Graves (R-GA)
Tim Ryan (D-OH)	Steve Womack (R-AR)
C.A. Dutch Ruppersberger (D-MD)	Jeff Fortenberry (R-NE)
Debbie Wasserman Schultz (D-FL)	Chuck Fleischmann (R-TN)
Henry Cuellar (D-TX)	Jaime Herrera Beutler (R-WA)
Chellie Pingree (D-ME)	David Joyce (R-OH)
Mike Quigley (D-IL)	David Valadao (R-CA)
Derek Kilmer (D-WA)	Andy Harris (R-MD)
Matt Cartwright (D-PA)	Martha Roby (R-AL)
Grace Meng (D-NY)	Mark Amodei (R-NV)
Mark Pocan (D-WI)	Chris Stewart (R-UT)
Katherine Clark (D-MA)	Evan Jenkins (R-WV)
Pete Aguilar (D-CA)	Steven Palazzo (R-MS)
	Dan Newhouse (R-WA)
	John Moolenaar (R-MI)
	John Rutherford (R-FL)

Returning Members of the House Judiciary Committee	
Democrats	Republicans
Jerrold Nadler (D-NY)	Jim Sensenbrenner (R-WI)
Zoe Lofgren (D-CA)	Steve Chabot (R-OH)
Shelia Jackson Lee (D-TX)	Steve King (R-IA)
Steve Cohen (D-TN)	Louie Gohmert (R-TX)
Hank Johnson (D-GA)	Jim Jordan (R-OH)
Ted Deutch (D-IL)	Tom Marino (R-PA)
Karen Bass (D-CA)	Doug Collins (R-GA)
Cedric Richmond (D-LA)	Ken Buck (R-CO)
Hakeem Jeffries (D-NY)	John Ratcliffe (R-TX)
David Cicilline (D-RI)	Martha Roby (R-AL)
Eric Swalwell (D-CA)	Matt Gaetz (R-FL)
Ted Lieu (D-CA)	Mike Johnson (R-LA)
Jamie Raskin (D-MD)	Andy Biggs (R-AZ)
Pramila Jayapal (D-WA)	John Rutherford (R-FL)
Brad Schneider (D-IL)	
Val Demmings (D-FL)	

## THE SENATE

With a favorable electoral map this past cycle, including many Democrat incumbents defending seats in states won handily by President Trump, Republicans have retained control of the Senate in the 116th Congress.

While a number of races remain too close to call as of publication of this document, Republicans are on track to hold at least 51, and possibly as many as 54 seats in the Senate, still short of a 60-member super-majority. Democrats, on the other hand, lost a number of marquee races, including two members of the Senate Banking Committee, Heidi Heitkamp (D-ND) and Joe Donnelly (D-IN). Republicans also lost a member of the Senate Banking Committee, Dean Heller (R-NV).

The 2020 election season will begin in earnest very quickly, however, and this time the stakes are high for the party currently in power. Twenty-one (21) Republicans will be up for re-election in 2020, including several in states won by Hillary Clinton in 2016, as compared to only 12 Democrats, mostly in safe seats. While this scenario could pose challenges for the passage of major legislation, as in the 115th Congress, it may also provide opportunities for collaboration among Senators who are eager to point to legislative accomplishments on the campaign trail.

## LEADERSHIP ELECTIONS

As with the House of Representatives, one of the first post-election tasks facing the incoming Senate is the election of leadership. These decisions will be formally made in mid-November; however, even in advance of the election, we have some sense of how it will shake out.

### EXPECTED SENATE LEADERSHIP

US Senate Majority Leadership		US Senate Minority Leadership	
<b>Leader</b>	Mitch McConnell (KY)	<b>Leader</b>	Charles Schumer (NY)
<b>Whip</b>	John Thune (SD)	<b>Whip</b>	Richard Durbin (IL)
<b>Conference Chair</b>	John Barrasso (WY)	<b>Assistant Leader</b>	Patty Murray (WA)
<b>Policy Committee Chair</b>	Roy Blunt (MO)	<b>Policy Committee Chair</b>	Debbie Stabenow (MI)
<b>Conference Vice Chair</b>	Joni Ernst (IA) or Deb Fischer (NE)	<b>Caucus Vice Chair</b>	Elizabeth Warren (MA)
<b>NRSC Chair</b>	TBD	<b>DSCC Chair</b>	TBD

## REPUBLICAN CONFERENCE

Senate Republican leadership will largely remain the same in the 116th Congress, with a few exceptions. Senator McConnell (R-KY) will continue as Majority Leader but Senator Cornyn (R-TX) will no longer serve as Majority Whip due to term limits. The Republican Conference is expected to elect a new Chair of the National Republican Senatorial Campaign Committee, which is standard operating procedure after an election.

## DEMOCRATIC CAUCUS

Senator Chuck Schumer (D-NY) will probably retain control of his caucus as Minority Leader, despite losses on election night, and Democratic Whip Dick Durbin (D-IL) and Conference Chair Patty Murray (D-WA) are expected to remain in their positions as well. Other leadership positions remain unclear in light of election results.

## KEY COMMITTEES

Credit union issues present themselves in several Committees in the United States Senate, including the Committees on Banking, Housing and Urban Affairs; Appropriations; Finance; Commerce, Science and Transportation; and Judiciary. We expect to see changes in the composition and, in some cases, the leadership of the Committees.

### SENATE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

The Senate Banking Committee has jurisdiction over the Federal Credit Union Act and other major banking and consumer financial protection laws. It oversees the National Credit Union Administration and the National Credit Union Share Insurance Fund, the Department of Housing and Urban Development, the Federal Housing Finance Administration, the Federal Reserve Board of Governors, the Bureau of Consumer Financial Protection and other federal financial agencies.

The fate of leadership of the Banking Committee largely rests upon the choices of the new President Pro Tem of the Senate, Senator Chuck Grassley (R-IA). Grassley can either remain Chair of the Judiciary Committee or could instead Chair the Finance Committee, where he has two remaining years of eligibility before term limits take effect. Should Grassley remain at Judiciary, we expect that current Banking Committee Chairman Mike Crapo (R-ID) would become Finance Committee Chair and Senator Pat Toomey (R-PA) would take the reins of the Banking Committee. If Chairman Grassley moves to Finance, however, Crapo would likely remain Banking Committee Chair. In either situation CUNA and the respective state leagues have solid relationships with both Crapo and Toomey. There will be at least two vacancies on the Republican aisle due to the retirement of Senator Bob Corker (R-TN) and the loss of Senator Dean Heller (R-NV).

On the Democratic side, Senator Sherrod Brown (D-OH) is likely to remain Ranking Member. Senator Warren (D-MA), meanwhile, is widely anticipated to be planning a bid for the Democratic presidential nomination, and will be looking for opportunities on the Banking Committee to burnish her progressive credentials, both through legislative proposals as well as oversight and scrutiny of large financial institutions like Wells Fargo.

Senators on this committee to lose re-election this year were Senators Dean Heller (R-NV), Joe Donnelly (D-IN) and Heidi Heitkamp (D-ND). Soon after the Senate convenes in January, these vacancies on the Committee will be filled by new or returning Senators.

Fresh off the passage of signature legislation in the 115th Congress, the Committee will likely turn its attention to other matters. Changes to the Bank Secrecy Act (BSA) and housing finance system are possible in the near-medium term, as are additional incremental changes to the Dodd-Frank Act or possible action on data security.

Returning Members of the Senate Banking Committee	
Republicans	Democrats
Mike Crapo (R-ID)	Sherrod Brown (D-OH)
Richard Shelby (R-AL)	Jack Reed (D-RI)
Pat Toomey (R-PA)	Robert Menendez (D-NJ)
Tim Scott (R-SC)	Jon Tester (D-MT)
Tom Cotton (R-AR)	Mark Warner (D-VA)
Mike Rounds (R-SD)	Elizabeth Warren (D-MA)
David Perdue (R-GA)	Brian Schatz (D-HI)
Thom Tillis (R-NC)	Chris Van Hollen (D-MD)
Ben Sasse (R-NE)	Catherine Cortez Masto (D-NV)
John Kennedy (R-LA)	Doug Jones (D-AL)
Jerry Moran (R-KS)	

## SENATE COMMITTEE ON FINANCE

For credit unions, the Senate Finance Committee holds significant importance because it has jurisdiction over the credit union federal income tax status as well as the Unrelated Business Income Tax (UBIT), the new excise tax on certain not-for-profit executive compensation, the mortgage interest deduction, as well as federal tax compliance burdens.

Senator Orrin Hatch (R-UT) is retiring and will be stepping down as Chairman of the Committee. He will be replaced with either Judiciary Committee Chairman Chuck Grassley (R-IA) or Senator Mike Crapo (R-ID). However, Senator Ron Wyden (D-OR) will stay on as the Committee's Ranking Member. In addition, Senators Dean Heller (R-NV) and Claire McCaskill (D-MO) were defeated for re-election. Also, Senator Bill Nelson (D-FL) is trailing in a close re-election race with Florida Governor Rick Scott (R). Nelson has announced that he will seek a recount. Thus, we can expect at least one new Republican and one new Democrat to be appointed to the committee in the 116th Congress.

As previously mentioned, the House Ways and Means Committee worked with the Senate Banking Committee to pass once in a generation tax reform legislation. We will continue to engage as this process unfolds.

If Senator Grassley becomes Chairman of the Finance Committee, he is likely to pursue an aggressive tax oversight agenda, something he pursued previously when he was Chairman of the committee. Tax extenders, as mentioned above, including the deduction of mortgage insurance premiums and extending the tax exclusion for forgiven mortgage debt, will need to be addressed if the lame duck Congress fails to extend them.

Retirement security may be one area where both parties can agree to work together to enhance savings products. Prior to the midterm election, President Trump proposed a 10 percent middle class tax cut. It is unlikely that this proposal will be enacted into law.

CUNA remains vigilant in our defense of the credit union tax status, given the large uptick in bank attacks this year. In addition, threats in Congress remain. For example, retiring Senate Finance Committee Chairman Orrin Hatch (R-UT) launched an investigation this year into credit unions, writing to the NCUA and questioning the rationale for the credit union tax status. He also wrote the IRS and urged it to require federal credit unions to complete and file IRS Form 990s.

Returning Members of the Senate Finance Committee	
Republicans	Democrats
Chuck Grassley (R-IA)	Ron Wyden (D-OR)
Mike Crapo (R-ID)	Debbie Stabenow (D-MI)
Pat Roberts (R-KS)	Maria Cantwell (D-WA)
Mike Enzi (R-WY)	Robert Menendez (D-NJ)
John Cornyn (R-TX)	Tom Carper (D-DE)
John Thune (R-SD)	Ben Cardin (D-MD)
Richard Burr (R-NC)	Sherrod Brown (D-OH)
Johnny Isakson (R-GA)	Michael Bennet (D-CO)
Rob Portman (R-OH)	Robert Casey (D-PA)
Patrick Toomey (R-PA)	Mark Warner (D-VA)
Tim Scott (R-SC)	Sheldon Whitehouse (D-RI)
Bill Cassidy (R-LA)	



## SENATE COMMITTEE ON COMMERCE, SCIENCE AND TECHNOLOGY

With John Thune (R-SD) assuming the Majority Whip position, Senator Roger Wicker (R-MS) will chair the Senate Commerce Committee. Commerce shares jurisdiction with Judiciary and Banking over crucial policy related to data security, as well as modernization and reform of the Telephone Consumer Protection Act (TCPA), which governs the ways in which credit unions may contact their members by phone.

Returning Members of the Senate Commerce Committee	
Republicans	Democrats
John Thune (R-SD)	Bill Nelson (D-FL)*
Roger Wicker (R-MS)	Maria Cantwell (D-WA)
Roy Blunt (R-MO)	Amy Klobuchar (D-MN)
Ted Cruz (R-TX)	Richard Blumenthal (D-CT)
Deb Fischer (R-NE)	Brian Schatz (D-HI)
Jerry Moran (R-KS)	Edward Markey (D-MA)
Dan Sullivan (R-AK)	Tom Udall (D-NM)
Mike Lee (R-UT)	Gary Peters (D-MI)
Jim Inhofe (R-OK)	Tammy Baldwin (D-WI)
Ron Johnson (R-WI)	Tammy Duckworth (D-IL)
Shelley Morre Capito (R-WV)	Maggie Hassan (D-NH)
Cory Gardner (R-CO)	Catherine Cortez Masto (D-NV)
Todd Young (R-IN)	Jon Tester (D-MT)

## SENATE COMMITTEE ON THE JUDICIARY

We do not expect much change on the Judiciary Committee except for possible movement at the top. Either Chairman Grassley (R-IA) will remain as Chair of Judiciary or move to Chair Finance. If Grassley moves to Finance it is expected that Senator Lindsey Graham (R-SC) will become the new Judiciary Chair. With the retirement of Orrin Hatch (R-UT) and Jeff Flake (R-AZ) there will be two Republican vacancies. Senator Patrick Leahy (D-VT) will remain Ranking Member.

Returning Members of the Senate Judiciary Committee	
Republicans	Democrats
Chuck Grassley (R-IA)	Dianne Feinstein (D-CA)
Lindsey Graham (R-SC)	Patrick Leahy (D-VT)
John Cornyn (R-TX)	Richard Durbin (D-IL)
Mike Lee (R-UT)	Sheldon Whitehouse (D-RI)
Ted Cruz (R-TX)	Amy Klobuchar (D-MN)
Ben Sasse (R-NE)	Chris Coons (D-DE)
Mike Crapo (R-ID)	Richard Blumenthal (D-CT)
Thom Tillis (R-NC)	Mazie Hirono (D-HI)
John Kennedy (R-LA)	Cory Booker (D-NJ)
	Kamala Harris (D-CA)

The Judiciary Committee is important to credit unions because it shares jurisdiction over data security with the Banking Committee and the Commerce Committee. It also has jurisdiction over patent reform. During the early months of the 116th Congress, we expect the Committee to continue to dedicate a significant amount of time processing judicial nominations.

## SENATE APPROPRIATIONS COMMITTEE

The current Chairman, Senator Richard Shelby (R-AL), is expected to retain his position, as is Ranking Member Patrick Leahy (D-VT).

As the Appropriations Committee develops legislation to fund the federal government, it wields the significant ability to insert legislative and bill report language into “must-pass” bills. These so-called “riders,” at least those that survive the entire legislative process, often provide significant legislative victories for legislative ideas and bills that do not make it through the normal Congressional lawmaking process. Democrats on this committee have opposed such legislative riders in the past.

Returning Members of the Senate Appropriations Committee	
Republicans	Democrats
Richard Shelby (R-AL)	Patrick Leahy (D-VT)
Mitch McConnell (R-KY)	Patty Murray (D-WA)
Susan Collins (R-ME)	Dianne Feinstein (D-CA)
Lisa Murkowski (R-AK)	Richard Durbin (D-IL)
Lindsey Graham (R-SC)	Jack Reed (D-RI)
Roy Blunt (R-MO)	Jon Tester (D-MT)
Jerry Moran (R-KS)	Tom Udall (D-NM)
John Hoeven (R-ND)	Jeanne Shaheen (D-NH)
John Boozman (R-AR)	Jeff Merkley (D-OR)
Shelley Moore Capito (R-WV)	Chris Coons (D-DE)
James Lankford (R-OK)	Brian Schatz (D-HI)
Steve Daines (R-MT)	Tammy Baldwin (D-WI)
John Kennedy (R-LA)	Chris Murphy (D-CT)
Marco Rubio (R-FL)	Joe Manchin (D-WV)
Cindy Hyde-Smith (R-MS)*	Chris Van Hollen (D-MD)

## WHAT'S NEXT

Next week, Congress will return for a lame duck session. While the House is scheduled to be in session 16 days and the Senate 20, this is the type of session that will extend until the must-pass work is done. You may recall that four years ago, Congress worked into the very late hours of New Year’s Eve. As a result of the election, we do not expect that to happen this year. In fact, given the outcome of the election, this lame duck session may earn its moniker.

The most significant priority – and perhaps the only true must-pass item – will be a funding resolution (CR) that keeps the federal government operating past December 7. It is not clear whether this will be a short-term CR extending funding into January or a longer-term CR that would fund the government at present levels until the end of the fiscal year. The advantage of the longer-term CR, which is supported by the House Freedom Caucus and other conservatives, is that it not only locks in funding levels but also clears the deck for the 116th Congress.

In the lame-duck session in November and December, the Congress is likely to consider tax extenders as part of or separate from a tax technical corrections bill. Earlier this year, the Congress passed the Bipartisan Budget Act of 2018. That law included two tax extender provisions of importance to credit unions. The discharge of mortgage debt forgiveness not treated as income was retroactively extended through the end of 2017 so people with forgiven mortgage debt wouldn’t have to pay federal taxes on the forgiven debt from 2017. The second tax provision in the law deals with mortgage insurance premiums. Insurance premiums paid in 2017 were retroactively made deductible as homeowners filed their 2017 tax returns. However, both of these provisions expired at the end of 2017. Therefore, CUNA is supporting efforts to have these two provisions included in a new tax extender package, along with 26 other individual, business, and energy tax provisions.

Other items that must be addressed include an extension of the National Flood Insurance Program (NFIP) and authorization and passage of a Farm bill. While also possible during the lame duck, we believe it is unlikely we will see any movement of the nomination of Kathy Kraninger to lead the BCFP.

# IMPACT OF ELECTIONS ON REGULATORS

## NATIONAL CREDIT UNION ADMINISTRATION

Irrespective of the election's outcome, the NCUA board is expected to look substantially different in 2019. Current NCUA Chairman Mark McWatters' term concludes on August 2, 2019, and NCUA Board Member Rick Metsger's term expired on August 2, 2017. Since Metsger has continued to serve as a post-term hold-over, he is expected to resign before or at the time his successor is confirmed. In addition, the NCUA Board has a second vacancy, leaving the administration with a total of two board members to appoint.

President Trump has nominated Rodney Hood to fill Metsger's seat as the Republican board member. Hood previously served on the NCUA Board from 2005 to 2009, nominated by George W. Bush. The President has not yet nominated someone to fill the vacant seat as the Democratic board member.

We anticipate the Senate will not vote to confirm these board members separately, but rather will move the Hood nomination and the unnamed Democrat's nomination together. If these positions are not confirmed in the current Congress, the Hood nomination and any 2018-nominated board member will need to be resubmitted by the President before Senate consideration.

Independent agencies, such as NCUA, are often insulated from the turmoil of national elections, especially midterm congressional elections. Furthermore, NCUA is not as controversial as other federal agencies, and Board member nominations typically do not attract attention outside of the credit union industry.

## BUREAU OF CONSUMER FINANCIAL PROTECTION (BUREAU)

Since its inception, the Bureau of Consumer Financial Protection (Bureau) has been a politically controversial agency and will likely continue to be into the foreseeable future. Both the status of the Bureau and a decision about its next Director would only have been substantially affected by the midterm election if there was a change in party control of the Senate, which did not occur. With that in mind, there are a few possible scenarios on who will lead the agency:

Since the resignation of former Director Richard Cordray in November 2017, the Bureau has been led in an acting capacity by Mick Mulvaney. Mulvaney also serves as director of the White House Office of Management and Budget (OMB). In June 2018, President Trump nominated Kathy Kraninger to become the next Bureau Director. Kraninger is currently Associate Director for General Government at OMB, and previously served as Deputy Assistant Secretary for Policy at the Department of Homeland Security during the George W. Bush administration. Her nomination was passed by the Senate Banking Committee on August 23, 2018, by a narrow 13-to-12 vote. However, her nomination has not yet been voted on by the full Senate.

Senate Democrats are strongly opposed to Kraninger's nomination and would likely require an extended period of debate prior to holding a confirmation vote. Given the limited time remaining on the Senate's calendar, it is unlikely they could undergo a full debate process prior to the next Congress being sworn in. Nevertheless, with Republicans' additional gains in the Senate, it is likely that Kraninger or another nominee will be confirmed in the new Congress.

It is more likely that one of the following scenarios will occur: (1) Kraninger's nomination is resubmitted shortly after the next Congress is sworn-in and she is confirmed in early-2019 after Senate debate; (2) Pres-

Board Expiration Dates	
Board Member	Expiration Date
Rick Metsger*	Expired*
J. Mark McWatters, Chairman	August 2, 2019
Vacant	April 10, 2021

\*While Rick Metsger's term has expired, he will likely continue to serve until a new Board Member is confirmed by the Senate

ident Trump submits a different Republican nominee shortly after the next Congress is sworn-in, who is confirmed in early-2019 after Senate debate; or (3) President Trump re-submits Kraninger or another nominee but Congress chooses not to act on the nomination until later in 2019, allowing Mulvaney more time to serve as Acting Director and run the Bureau. Scenario 3 may be preferable for the current administration since a Director's five-year term does not begin until confirmation and delaying such confirmation would permit the next Director to serve further into the presidency of whomever wins the 2020 Presidential Election.

In general, we expect the Bureau to remain a federal agency with a significantly reduced regulatory footprint. Acting Director Mulvaney has already softened the Bureau's supervisory and examination functions and does not plan to engage in rulemakings that are not required by statute, aside from revising the Bureau's current regulations, defining its UDAAP authority, and imposing new requirements on the debt collection industry. We anticipate a similar regulatory approach under Kraninger or another Trump-nominated Director. Nevertheless, we plan to continue to support legislation to replace the single-director model with a multi-member board.

## CONCLUSION

The midterm elections are often a response to the policies of the Administration, and the 2018 cycle can be seen as a reaction to the election of President Trump in 2016, as well as a preview of the 2020 presidential election. This midterm is no exception with Democrats gaining control of the House of Representatives and Senate Republicans growing their majority. With a divided Congress, moderate Senators and House Members will play a key role in shaping any legislation that is expected to become law.

Credit unions are poised to succeed in the new Congress because CUNA has always believed that the cyclical nature of party control in Congress requires us to build strong relationships with both Republican and Democratic Senators and Members of Congress.

Continued political involvement of credit union members, volunteers, employees, and board members as well as League partners **is essential to the success of the credit union regulatory agenda at the agencies and legislative agenda on Capitol Hill.**