

From the White House to the Street: The Government & Your Business in the Age of Obama



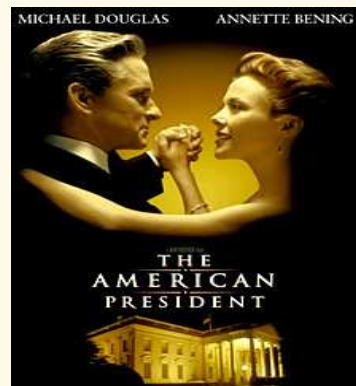
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What Movie Would You Use?





The First Wave

- **Stimulus Package**
 - \$780 billion in spending
 - Introduced on Jan. 26th
 - Signed into law Feb. 17th
- **The Budget**
 - Outline submitted by President on Feb. 26th
 - Introduced in House and Senate March 27th
 - Each passes different versions April 2nd
 - Final Passage April 29th

What's in them?

- **Stimulus Package**
 - \$787 billion
 - Only 70% to be spent by September, 2010
 - Only \$27.5 billion for highways
 - Major investments come in government
 - A mishmash of funding for various pet projects
- **Budget**
 - Spending
 - \$3.998 trillion in spending, 28.5% of GDP vs. 2.983 in FY 09
 - \$1.8 trillion deficit, 13% of GDP vs. 3.2% of GDP in FY09
 - Spending rises to \$5.2 trillion by 2019, 24.5% of GDP
 - Deficit remains above \$1 trillion
 - More debt than all previous Presidents combined
 - According to CBO, amount of debt held by the public will be over \$17 billion in 10 years, from \$5.8 billion in 2008

What's in them

- **Budget**
 - Taxes
 - \$353 billion in corporate tax increases
 - Double taxing profits earned abroad by multinationals
 - LIFO repeal
 - \$950 billion in individual tax increases
 - Raising rates
 - Reducing personal exemptions and itemized deductions
 - Increasing capital gains and dividend rates
 - Economic assumptions
 - GDP growth of 4.3% in 2011-2013
 - Only 5 years in past 25 with growth that high, 3 during tech bubble
 - Optimistic assumptions result in smaller deficit numbers

The Second Wave Cap and Trade

- **Cap and Trade**
 - 900 page bill to remake the nation's energy supply
 - Reduce emissions by 17% from 2005 levels by 2020, 80% by 2050
 - Negotiations meant 80% of credits are given free
 - Bill stretched to 1400 pages
 - Passed the House in one day
 - 219-212
 - 44 Dem No, 8 GOP Yes

The Second Wave: Healthcare

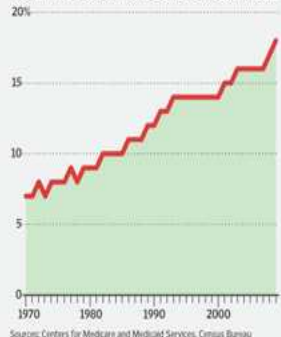
- **IFDA healthcare position**
 - Reform is needed
 - Cost containment must be the priority
 - Retain current healthcare system
 - Preserve ERISA preemption
 - Oppose employer mandate
 - Remember your customers

The Second Wave: Healthcare

The Health-Care Challenge

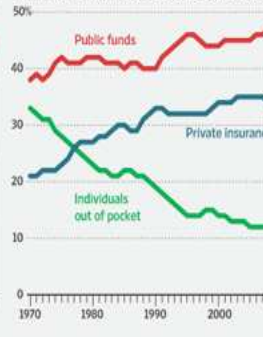
Medical spending has grown to one-sixth the size of the nation's entire economic output, with the government footing a big portion of the bill. But about one in seven in the U.S. still lack health coverage.

Health-care spending as a percentage of GDP



Sources: Centers for Medicare and Medicaid Services, Census Bureau

Share of health-care spending paid by:



By the numbers

\$2.38 trillion
Estimated amount spent in the U.S. on health care in 2008

\$239 billion
Effect of House health-care bill on U.S. deficit by 2019*

\$235.4 billion
Estimated amount spent in the U.S. on prescription drugs in 2008

45.7 million
Number of uninsured people in the U.S. in 2007

15.3%
Portion of the U.S. population that was uninsured in 2007

*Congressional Budget Office estimate

The Second Wave: Healthcare

- First priority, a race to August recess?
- Cost containment vs. universal coverage
- At least 3 major plans currently under consideration
- All costing \$1 trillion+

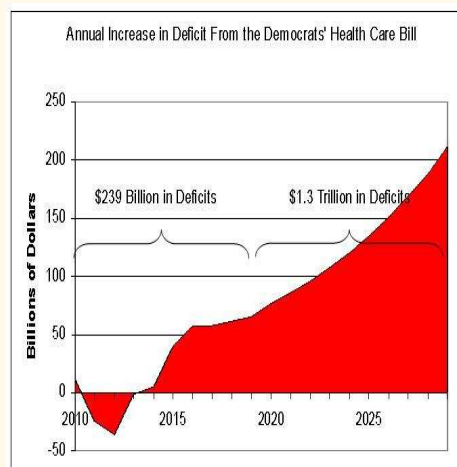
The Second Wave: Healthcare

- **Cost estimates**
 - House bill: \$1.042 trillion over ten years
 - Senate HELP Committee bill: \$615 billion over ten – without Medicare expansion
 - Senate Finance Committee bill in ongoing negotiations to write a bill below \$1 trillion
- **Healthcare Tax strategies**
 - Restricting value of tax deductions
 - Taxing employer provided benefits
 - Surcharges: 1% for \$350k to \$500k, 1.5% \$500k to \$1 million, 5.4% over \$1 million (45% overall rate)
 - 64% of filers over \$250k are S-corps

Healthcare Cost Containment

“No, Mr. Chairman. In the legislation that has been reported, we do not see the sort of fundamental changes that would be necessary to reduce the trajectory of federal health spending by a significant amount. And on the contrary, the legislation significantly expands the federal responsibility for health care costs. . . . The (cost) curve is being raised.”

- CBO Director Doug Elmendorf



The Second Wave: Healthcare

- **Healthcare policy questions**
 - Public plan
 - Employer mandate
 - Payment of providers
 - fee for service vs. comprehensive approach
 - Where does savings come from and do they happen?
 - Reducing Medicare payments
 - Prescription drugs, hospitals
 - Commissions

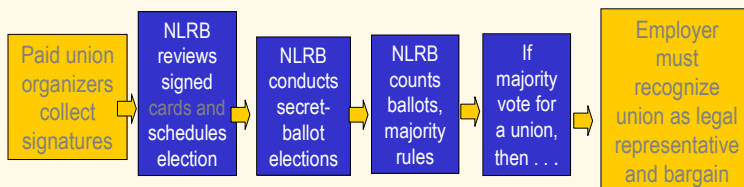
Looking Ahead: Healthcare

- **Senate passage will not happen before August break**
- **House still possible this week**
- **Issue is taking a toll on the President's numbers**
 - **Handling of healthcare**
 - 57% approval – 29% disapproval in April
 - 49% - 44% today (Washington Post 7/20)
 - **Approval/Disapproval**
 - 60% to 33.2% June 1st
 - 54.5% to 41.3% Today (Real Clear Politics Average)
 - **Right Track/Wrong Direction**
 - 45% Right – 47.7 Wrong June 1st
 - 36.5% Right – 55.7% Wrong Today (Real Clear Politics Average)
- **What happens over August recess**

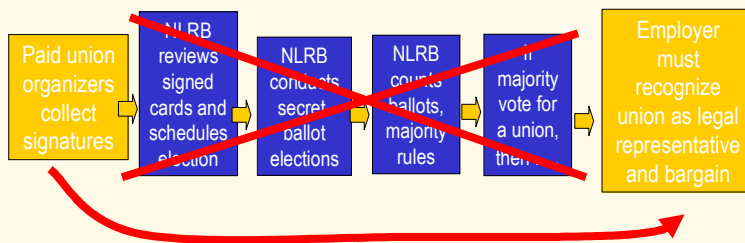


The Employee Free Choice Act

Union Organizing: Current Law



Union Organizing with the Employee Free Choice Act



Employee Free Choice Act Arbitration Requirements

- **First Contract Bargaining Requirements**
 - Negotiations must begin with 10 days of certification
 - If no agreement is reached within 90 days, either party may request a federal mediator
 - If no agreement within 30 more days, negotiations shall be referred to a federal arbitration board
- **Additional fines and citations**
 - Solely against employers

“Compromise” Proposals

- Elections in 10 days
- Union access to facilities
- Postcard check
- Baseball arbitration
- Senators in play
 - Lincoln, Specter, Pryor, Nelson (NE),
Feinstein, Webb, Bennet (CO), Landrieu

Food Safety House Bill

- House Bill through Committee
 - FDA traceability system
 - Recordkeeping
 - Records access
 - Civil monetary penalties
 - \$250,000 per violation up to \$1 million in single proceeding
 - \$500,000 with \$7.5 million cap for “knowing”
 - No real opportunity for judicial review of fines
 - Apply to recordkeeping and labeling issues
 - Food registry
 - Amends responsible parties required to report food to any person who is an “agent” of restaurant or food company
 - Expansive mandatory recall authority
 - Immediate cease and desist followed by informal hearing which can lead to mandatory recall
 - Emergency recall authority for imminent threat
 - Registration fees, \$500 per facility, \$175,00 per company
- Could come the floor of the house anytime

Food Safety Senate

- **Dramatically less expansive than House**
- **Traceability requires only a pilot project in produce**
- **No civil monetary penalties except for companies failing to comply with recall order**
- **Mandatory recall after company has had opportunity to cease distribution and recall product**
- **Not likely in the Senate this year**

What You Can Do

- **Get involved in the political process**
 - **Lawmakers listen to constituents**
 - **Smaller issues can provide common ground**
- **Invite your lawmaker to company events or charity fundraisers**
- **Facility tours**
- **IFDAPAC**

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