Politics & Policy: NECA Government Affairs Update

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Today’s Talk

• Current Political Climate
• Our Key Issues
• What to Expect Late 2014 and Early 2015
• ECPAC: Today (and Tomorrow…)

On Politics
Political Environment

Ruling the Day
• Health Care – Veterans Care
• IRS Scandal…NSA Leaks…
• Immigration – Southern Border
• Middle East –Benghazi…Berdahl…ISIS/ISIL…

The White House:
• Seen as disengaged
• Perpetual campaign mode
• Magic of his rhetoric long gone, public has tuned out

The Congress:
• POTUS Popularity A Drag
• Can it cost Dems the Senate?
• GOP Poised for Strong Win in Nov…But no wave…yet

Presidential Job Approval: Gallup Polling

Gallup Monthly Presidential Approval Tracking: January 2009 to Present

Net Approval: -11%
Presidential Job Approval: Other Polls, Same Story

<table>
<thead>
<tr>
<th>Poll</th>
<th>Date</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNN/ORC</td>
<td>7/18-26 2014</td>
<td>1013 Adults</td>
</tr>
<tr>
<td>CBS News/New York Times</td>
<td>7/3-4 2014</td>
<td>1344 Adults</td>
</tr>
<tr>
<td>FEC Research</td>
<td>5/29-6/1 2014</td>
<td>1000 Adults</td>
</tr>
<tr>
<td>NBC News/Wall Street Journal</td>
<td>8/10-12 2014</td>
<td>1001 Adults</td>
</tr>
<tr>
<td>Fox News</td>
<td>7/30-8/2 2014</td>
<td>1057 Registered Voters</td>
</tr>
<tr>
<td>ABC News/Washington Post</td>
<td>7/30-8/3 2014</td>
<td>1000 Adults</td>
</tr>
</tbody>
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The Economy: Consumer Confidence

- Current Consumer Confidence (Aug '14): 92.4
- Current Consumer Sentiment level (July '14): 81.8
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- Current Consumer Sentiment level (July '14): 81.8
The Second-Term Jinx
Presidents tend to run into trouble & lose seats during second terms

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<tr>
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<tbody>
<tr>
<td>2006</td>
<td>G.W. Bush</td>
<td>Republican</td>
<td>Iraq War</td>
<td>37%</td>
<td>-30</td>
<td>-6</td>
</tr>
<tr>
<td>1998</td>
<td>Clinton</td>
<td>Democrat</td>
<td>Lewinsky Scandal</td>
<td>61%</td>
<td>+5</td>
<td>0</td>
</tr>
<tr>
<td>1986</td>
<td>Reagan</td>
<td>Republican</td>
<td>Iran Contra Scandal</td>
<td>63%</td>
<td>-5</td>
<td>-8</td>
</tr>
<tr>
<td>1974</td>
<td>Nixon/Ford</td>
<td>Republican</td>
<td>Watergate Scandal/Impeachment/Pardon</td>
<td>28%</td>
<td>-48</td>
<td>-4</td>
</tr>
<tr>
<td>1966</td>
<td>Kennedy/Johnson</td>
<td>Democrat</td>
<td>Vietnam War</td>
<td>56%</td>
<td>-48</td>
<td>-4</td>
</tr>
<tr>
<td>1958</td>
<td>Eisenhower</td>
<td>Republican</td>
<td>Recessions in 1958 and 1960</td>
<td>52%</td>
<td>-48</td>
<td>-12</td>
</tr>
</tbody>
</table>

NECA's Take:
• The novelty wears off, energy wanes, administration out of fresh ideas, and A-team gone
• Recessions, scandals, wars have plagued second-term Presidents—this one no exception
• In years 5 through 8, voters often become increasingly open to the idea of change
• President Obama at 42%

Only 35 Days Until the 2014 Elections…
Congressional Job Approval: Even Worse

- 13% of Americans approve, 83% disapprove
- Four percentage points above the all-time low of 9% measured last November

NECA's Take:
- Dems likely to lose 5-9 seats
- GOP Shooting for 11 seats (“Drive for 245”)
- GOP gains would largely come from seats currently held by Dems in the Northeast and Southwest

Election 2014: House Map
Election 2014: The Senate

NECA's Take:
• Democrats playing defense
• Potential 5-8 seat Dem Loss
• GOP needs 6 seats:
  • They have locked down 3
  • Need 3 more of 9 toss-ups
• Potential party switchers?

What is a Majority Worth?
Potential Implications of GOP’s Senate Seat Pickup Scenarios

Most Likely Scenario: GOP Takes Majority by 1-3 Seats

Democratic Seats

Republican Seats

R+5: GOP Achieves Even Numbers
50-50 Senate can remain under Democratic control on many partisan issues owing to VP

R+6: GOP Takes Control
GOP can control the agenda, pass bills, do reconciliation, and vote on nominations under the new rules

R+7 to +12: GOP Solidifies Majority Benefits
Incremental votes can offset some challenges to bloc voting—moderated stances and/or absences related to 2016

R+13: GOP Majority Thru 2016
Seven GOP senators up for election in 2016 hail from states won by Obama in 2012;

R+15: GOP Averts Filibuster
Sufficient GOP votes to achieve cloture on legislation and Supreme Court nominations

R+22: GOP Plays by Two-Thirds-Majority Rules
Sufficient GOP votes to override a Presidential veto and change rules mid-session
Control of Senate Likely to Seesaw

The Political Challenge

NECA’s Take:
- Record High Dissatisfaction with Decisionmakers
- Reduced Faith that System Works
- Number of swing seats in the House has dropped 45 percent, from 164 in 1998 to 71 in 2014
- Fewer swing seats means more polarization
- Incumbents fear radical primary challengers
  - These primaries push mainstream candidates further left or right
  - This is unacceptable…
NECA’s Mandate

We Will Engage with MOCs Who:
• We Can Work With
• Support Our Issues
• Want to Get the Job Done

How Do We Engage?
• Focus on the Middle
• Advocate and Educate
• Show our support
• Hold them Accountable

NECA Issues Outlook
Protecting Your Interests

The Challenge:
Legislators and Regulators are making decisions each and every day that are impacting electrical contractors at the federal, state, and local level.

We must be able to communicate the impact of those decisions on NECA contractors!

NECA Top Legislative Priorities
NECA prepares position statements on important issues in order to educate its members, elected officials, and the public on legislation and regulations that impact our industry.

Top Issue Areas:
• Economic Policy, Job Growth and Investment
• Labor, Employment, Health and Safety
• Energy Policy
• Contracting & Procurement
**Issue In Focus: Pension Reform**

**What We Have Done:**
- **NECA Supports Solutions Not Bailouts proposal**
  - Worked with hundreds of MOCs to educate them about MEPs before current law expires 12/31/14
  - Technical corrections to strengthen current system
  - Measures that target deeply troubled plans
  - Creates innovative plan design structure; “hybrid plan”
  - Proposal is revenue-neutral

**What to Expect:**
- Senate Proposing 1-Year Extension; Not good enough!
- Plans to add full proposal to Tax Extenders in lame duck
- **Congress needs to hear from you and your locals!**
- [www.necanet.org/pensionreform](http://www.necanet.org/pensionreform)
- [www.necanet.org/advocacy/take-action](http://www.necanet.org/advocacy/take-action)

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**Issue In Focus: Health Care Reform**

**NECA Concerns:**
- $2 billion hit on employers for 2014 alone; $100M for NECA plans
- Uncertainty looms as fees not locked for 2015 & 2016
- Unfairly subject to this fee & reap no benefit from program
- Puts our health funds under additional financial strain
- Rulemaking too narrow; won’t apply to most plans

**What We Have Done:**
- **NECA Call to Reform Transitional Reinsurance Program**
  - H.R. 3489 – Repeal funding mechanism
  - Provided Regulatory Comments to HHS
  - Multiple Letters to Congress, White House
  - Industry Coalition, Held Webinars

**What to Expect:**
- Advocating for inclusion in tax package in lame duck
- [www.necanet.org/advocacy/take-action](http://www.necanet.org/advocacy/take-action)
Issue In Focus: Infrastructure Investment

Highway Authorization
What We Have Done:
• MAP-21 extended thru May 2015; Averted collapse of HTF
What to Expect:
• Will advocate for long-term measure in 2015

Water Resources
What We Have Done:
• Water Resources Development Act PASSED!
What to Expect:
• Advocate for reauthorization for 2016

Water Infrastructure
What We Have Done:
• CWSRF loans now more flexible; expanded SRF uses
What to Expect:
• Call for investments of $400-$600 billion over next 20 years

Issue In Focus: Energy Policy

Supporting a Comprehensive National Energy Strategy
What We Have Done:
• Keystone XL Pipeline
• Energy Efficiency
  ➢ Supported Northern Route Approval Act (H.R. 3)
  ➢ Signed multiple coalition letters & NECA letter to WH
  ➢ Testified on Capitol Hill twice

What to Expect:
• All pushed to lame duck session…
• Tax extenders to include several energy provisions
• Expect more hearings in 2015…
Issue in Focus: Contracting

Reverse Auctions

What We Have Done:
- Support H.R. 2752 - Commonsense Construction Contracting Act of 2013
  - Will ban reverse auctions on Federal projects
- Support limitations for Individual Sureties

What to Expect:
- Both provisions expected to be enacted THIS year
- Push for legislation addressing misclassification of independent contractors in 2015

What’s Next?
**Voting Or Campaign?**

**Pre-Election Legislative Productivity (113th Congress)**

**NECA's Take:**
- MOCs hesitate to take votes that may be used against them on the trail.
- As a result, less legislation goes to conference, and the legislation that does make it to conference is likely pared down or uncontroversial.

**Lame Ducks Will Prioritize**

**Potential Lame Duck Session Legislative Productivity**

**NECA's Take:**
- Expect necessary, short-term bills and new CR.
- Likely more productive than the status quo; thanks to ease of electoral pressure.
- If Dems lose Senate:
  1. Last gasp while they still have control
  2. GOP could kill nonessential bills
  3. Reid to GOP: “Lotsa Luck!”

Neither chamber moving forward on much legislation

Legislation that passes usually uncontroversial, bipartisan

Neither chamber moving forward on much legislation

Legislation that passes usually uncontroversial, bipartisan
What If GOP Wins Senate?
Potential Post-Election Legislative Productivity With Republican Senate (114th Congress)

NECA’s Take:
- More bills, less gridlock
- Conservatives vs. Moderates
- Expect POTUS to veto highly partisan legislation

If Dems Keep Senate, Expect Status Quo
Potential Post-Election Legislative Productivity With Democratic Senate

NECA’s Take:
• If Dems hold, slight bump in productivity (in 2015) due to the lack of midterm-related pressure and the lack of options to punt issues to a lame duck session or a new congress
• Less legislation to go to conference due to continued disagreements, but survivors will be bipartisan (or uncontroversial)
Preparing for Work Alongside the 114th

What will it be like to work with...

…the lame duck administration?

Barack Obama

• Staunch party-line positions within the executive branch tempered by departure of loyalists
• Obama motivated (and freed) to work with GOP-controlled Congress to burnish legacy
• (As through history) Greater focus is placed on agencies and foreign policy

…the embattled (or new) party leadership?

Harry Reid
John Boehner
Nancy Pelosi

• Bad blood prolongs gridlock
• Senate GOP factions prove difficult for leadership to corral, sapping legislative energy
• Time-sensitive opportunities on budget and tax policy force parties to name their priorities

…the 29 newcomers to “safe” congressional seats?

Senate

• Freshman agendas threaten to slow or halt advocacy initiatives
• Lack of newcomer expertise necessitates extensive training and education by private sector / interests
• Turnover prompts organizations to revisit their incumbent-only PAC donation policies

ECPAC: Electrical Construction Political Action Committee
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- The potential power of NECA’s government affairs effort in achieving success on NECA’s issues is enormous
- Your commitment to ECPAC helps provide the support we need to face the challenges ahead.
- Our $1.8 million PAC provides tremendous opportunities
- ECPAC supports candidates and incumbents who support NECA’s positions
- **NECA’s ECPAC Strategy:** Focus and increase support to those who want to get things done; not posture and support unrealistic ideas

ECPAC: The Competition 2013

<table>
<thead>
<tr>
<th>Organization</th>
<th>2013 Amount</th>
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<tr>
<td>NECA</td>
<td>$734,120</td>
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<tr>
<td>ABC</td>
<td>$716,275</td>
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<tr>
<td>AGC</td>
<td>$451,855</td>
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<tr>
<td>NRCA</td>
<td>$155,650</td>
</tr>
<tr>
<td>AIA</td>
<td>$110,706</td>
</tr>
<tr>
<td>SMACNA</td>
<td>$63,114</td>
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<tr>
<td>MCAA</td>
<td>$46,068</td>
</tr>
<tr>
<td>IEC</td>
<td>$18,518</td>
</tr>
<tr>
<td>MCA</td>
<td>$12,450</td>
</tr>
<tr>
<td>PHCC</td>
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<tr>
<td>ACCA</td>
<td>$9,843</td>
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<tr>
<td>ASA</td>
<td>$4,500</td>
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2014 Contributions At A Glance

<table>
<thead>
<tr>
<th>Personal Contributions = 645</th>
<th>ECPAC Fund = $644,279</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Contributions = 432</td>
<td>ADMIN Fund = $87,280</td>
</tr>
</tbody>
</table>

Total Gifts to Date = 1,077

Total Dollars to Date = $731,559

2013-2014 At A Glance

NECA’s Impact on this Election Cycle:
- 164 Different Candidates
- $1,240,250 Total Disbursement
- $592,750 for 2014 Primary Election
- $312,000 for 2014 General Election
- $97,500 for 2014 Leadership PACs
- $284,500 for Party Committees
VISIT US AT
NECA
BOOTH
#1038

Support ECPAC and Send a Message to Congress

ECPAC

Make a contribution to ECPAC and be entered to win one of these gifts:

nest

Nest Learning Thermostat

Apple iPad Mini

Best Buy Gift Card

Daily Raffle Drawings
Sunday, Sept. 28 at 6:30
Monday, Sept. 29 at 9:30
Tuesday, Sept. 30 at 12:30

ECPAC: What’s in a Name?

Coming January 1, 2015:
• ECPAC becomes NECAPAC
• Why? To Build a PAC for the 21st Century
  o Brand Recognition
  o Strengthening our Identity
  o Further Legal Compliance
  o It Just Makes Sense
Government Affairs: The Four Legs

- Lobbying
- Coalitions
- Political Action Committee
- Grassroots:
  - That Means YOU!

Get Engaged. Be Engaged.

Online:
- Weekly Legislative Update
- Government Affairs Web Site
  - [http://www.necanet.org/advocacy/](http://www.necanet.org/advocacy/)
  - Legislative Action Center
  - Legislative Scorecard
- @NECAGovtAffairs
- NECA Advocacy App

In Person:
- NECA Meetings:
  - Chapter, District, & Regional Meetings
  - 2015 NECA Now
  - NECA Legislative Conference & PLC Summit
- NECA Capitol Hill
Wrap Up

• Elections and Policy Decisions have Consequences for the Industry
• Broad Agenda
• Substantial Presence
• The Industry Needs to Participate in the Process
• NECA Makes it Easy

Election 2016: Only 769 Days Away…
Questions?

Comments?