NEWS

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Washington, D.C. Update

Clinton and Trump: A Policy Comparison

This month, we have a special edition of the Baker Donelson Washington Update focusing on what to expect from the 45th President of the United States. Of course we are all waiting on the November election to find out whether that will be Secretary Hillary Clinton or Mr. Donald Trump; in the meantime, we will examine a number of the candidates' statements, proposals and announced transition teams to get a sense of what we can expect when a new president is sworn into office on January 20, 2017.

Here is what is included in this month's Washington Update:

- Taxes – Clinton and Trump Propose Diametrically Opposed Tax Plans
- Trade and Investment – A Rare Area of Agreement on TPP
- The Economy – Two Differing Ways to Grow the Economy and Create Shared Prosperity
- Energy and Environment – Opposites on Oil, Gas and Coal; Potential Overlap in Nuclear Power
- Health Care – The Fight Over the ACA Continues
- Presidential Transition Teams

Regarding the potential for a long-term budget and appropriations deal or the future of defense spending, other than a commitment by Secretary Clinton to provide "budgetary certainty to facilitate reforms and enable long-term planning," these issues have not been meaningfully addressed by either campaign. For additional information regarding the current budget decisions, please see the Washington, D.C. Fall Preview in which we examined the FY17 appropriations process and discussed the future of defense policy with former Vice Chief of Staff of the Air Force retired General Carrol "Howie" Chandler.

Additionally, here's what we're reading this month:

- The US-EU Privacy Shield Pact: A Work in Progress – Peterson Institute for International Economics
- A Federal Consumption Tax as Replacement for the Employer Payroll Tax – Tax Policy Center
- How ACA Marketplace Premiums Measure Up to Expectations – Kaiser Family Foundation

Please feel free to reach out to me for additional information on these topics or other issues of importance.

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Taxes – Clinton and Trump Propose Diametrically Opposed Tax Plans

The tax plans proposed by the candidates are perhaps the most conventional element in an unconventional election year as both plans hew closely to their parties' proposals. In the broadest sense, Secretary Clinton's tax plan, if adopted, will increase taxes on high-income Americans and impose additional tax rules making it less advantageous for companies to relocate overseas. Taxes raised through these changes will go to fund Clinton's broader policy agenda. Mr. Trump's tax policy agenda, if adopted, will, according to the Tax Policy Center, provide middle-income Americans (third and fourth quintile) with a roughly four percent tax cut and progressively larger tax cuts to higher-income Americans. Mr. Trump's proposal would lower corporate tax rates from the current rate of 35 percent to 15 percent. Regardless of who wins the election, Speaker Paul Ryan (R-WI) has released his own tax reform proposal and is expected to push for its adoption in the coming year.

Individual Taxes – Clinton

Secretary Clinton's plan for individual taxes is focused on raising revenue in order to pay for new and expanded federal government programs. In fact, according to the Tax Policy Center, Clinton's most recent proposals will have little impact on taxes for the bottom 90 percent of taxpayers. For wealthier taxpayers, Secretary Clinton proposes to create a four percent surcharge on incomes greater than $5 million, effectively instituting a new top tax bracket of 43.6 percent. Those earning more than $1 million per year would be subject to a minimum 30 percent tax rate (commonly known as the Buffett Rule). Clinton's proposals also include capping total itemized deductions at 28 percent of income, though she has indicated the 28 percent cap would not apply to charitable contributions. The Clinton campaign has indicated it will propose a tax cut for low- and middle-income Americans at some point in the future.

In regards to the "carried interest" rate, Secretary Clinton has proposed taxing carried interest (investment firm compensation reported as long-term capital gain) as regular income (as high as 43.6 percent), rather than as capital gains (23.8 percent).

On the estate tax, Secretary Clinton has announced a proposal to increase the rate from 40 percent to 45 percent and lower the threshold for triggering the tax to $3.5 million for individuals and $7 million for married couples. Currently, the estate tax is triggered at $5.45 million for individuals and $10.9 million for married couples.

Individual Taxes – Trump

Mr. Trump's individual tax proposals are, in the words of the campaign, focused primarily on spurring economic growth through tax cuts for high-income Americans and simplifying the tax code for middle income earners. Trump's plan, which is similar to Speaker Paul Ryan's "Better Way" proposal, would cut the top income tax bracket from its current level of 39.6 percent to 33 percent. For middle income earners, Trump's plan would reduce the seven tax brackets in current law to three; 12 percent, 25 percent and 33 percent. According to the Tax Policy Center, the plan would raise income for most earners (first through fourth quintiles) by between one and five percent. Mr. Trump's plan would also increase the standard deduction to $25,000 for single filers and $50,000 for joint filers (from $6,300 and $12,600, respectively) and index additional increases to inflation.

Mr. Trump's proposed plan would eliminate the carried interest rate, but would allow the funds to be classified as business income which would be subject to a new lowered rate of 15 percent.

Mr. Trump has proposed eliminating the estate tax.

Business Taxes – Clinton

Secretary Clinton's proposals leave corporate taxes as they currently are today, at a base rate of 35 percent with a complex range of deductions. Secretary Clinton seeks to implement a number of changes to the code in order to dissuade companies from moving operations overseas to avoid paying U.S. taxes. First, the plan would treat foreign firms used by American companies as inversion partners as U.S. firms for tax purposes. Second, Clinton's proposal would fight earnings stripping by limiting the deductibility of interest if it is used as a tool to avoid American taxes. Third, the proposal would implement an exit tax on companies that relocate outside the U.S. before they are allowed to repatriate funds earned by foreign subsidiaries.

A number of Secretary Clinton's proposals target particular industries. One proposal would prevent insurance companies from avoiding U.S. taxes through reinsurance arrangements with foreign affiliates, while another would impose a special tax on high-frequency traders. Others include implementing taxes aimed at curbing risk in the financial sector, eliminating subsidies for fossil fuels and implementing tax breaks for some companies that provide on-the-job training.

Business Taxes – Trump
Mr. Trump's proposal would lower corporate tax rates from the current rate of 35 percent to 15 percent and would apply that rate to partnerships that currently pass along profits to individuals. Simultaneously, Mr. Trump's plan would end most corporate tax exemptions – including ending the deferral of income from controlled foreign subsidiaries – and would tax pass-through business income for partnerships, such as law firms, at a rate of 15 percent. Mr. Trump's proposal also caps the deductibility of interest expenses for businesses and repeals the corporate alternative minimum tax. Mr. Trump has said that his steep cut in the corporate tax rate would discourage corporate inversions and would encourage companies that earn money overseas to repatriate the money, pay the lower tax and reinvest it in the United States.

Takeaway: Mr. Trump and Secretary Clinton's tax plans are diametrically opposed in many ways. Though Donald Trump's most recent proposal has not yet been fully analyzed, a previously released similar plan would, according to the Committee for a Responsible Federal Budget (CRFB), reduce federal revenues by $10.5 trillion over the next ten years. According to the CRFB, Secretary Clinton's plan would increase federal revenue by $1.2 trillion over ten years.

Trade and Investment – A Rare Area of Agreement on TPP

Reflecting a growing disillusionment with free trade on the left and right of the political spectrum, Secretary Clinton and Donald Trump have both come out against ratification of the Trans-Pacific Partnership (TPP) agreement. Mr. Trump led the charge against the deal during the Republican presidential primary season and has also expressed anti-trade sentiments more broadly, stating his strong opposition to the North American Free Trade Agreement (NAFTA) as it currently is implemented and to China's membership in the World Trade Organization. In the heat of the primary season, Secretary Clinton announced her opposition to the TPP as it is currently written. However, Secretary Clinton continues to support free trade more broadly and has appointed pro-trade members to key positions in her campaign.

Trade and Investment – Clinton
In her most public disavowal of the legacy of the Obama Administration, Secretary Clinton has said that she now opposes the 12-nation TPP that she had a role in negotiating during her time as Secretary of State. Secretary Clinton, who once called the TPP the "gold standard" for trade deals, announced her opposition to the agreement last October before the final text was released. Secretary Clinton recently said that she still believed in the goal of "a strong and fair trade agreement in the Pacific," but objected to the TPP on grounds that it did not live up to her standards, though she has so far not addressed the exact manner in which it fails to do so. Clinton has gone to pains to emphasize her opposition to the TPP, saying "I oppose it now. I'll oppose it after the election, and I'll oppose it as president." However, Secretary Clinton's selection of Senator Tim Kaine (D-VA) as her running mate and former Interior Secretary and Senator Ken Salazar (D-CO) as chair of the transition team, both of whom have supported the TPP in the past, has drawn condemnation from the left wing of the Democratic Party.

In drafting the party platform this summer, Democrats decided not to explicitly object to the TPP or trade deals more broadly. Instead, they adopted language that reflects President Obama's more nuanced approach to trade as compared to Senator Bernie Sanders' (I-VT) aggressively anti-trade platform.

Trade and Investment – Trump
Donald Trump, in a break from nearly three decades of Republican policy orthodoxy, is skeptical of international trade agreements, opposing the TPP and backing tariffs to protect American industry from "unfair competition." Mr. Trump has gone so far as to call for a renegotiation of NAFTA, saying he would scrap the pact if Canada and Mexico are unwilling to make changes. Mr. Trump has been particularly vocal in his opposition to the TPP, calling it a "death blow" for American manufacturing and said the deal was "just a continuing rape of our economy." His strong opposition to trade deals has led him to clashes with the U.S. Chamber of Commerce and a number of other traditionally Republican-supporting organizations.

Mr. Trump has also come out strongly against the current trade relationships with the United States' second and third largest trade partners, China and Mexico, respectively, threatening to impose a 45 percent tariff on Chinese imports in retaliation for Beijing's alleged currency manipulation and a 35 percent tariff on imports from Mexico to discourage U.S. companies from moving across the Rio Grande.

Takeaway: Secretary Clinton and Mr. Trump both oppose implementation of the TPP as it is currently drafted. However, Mr. Trump is less inclined to support future trade agreements than Secretary Clinton, who continues to express support for trade liberalization while critiquing the TPP.

The Economy – Two Differing Ways to Grow the Economy and Create Shared Prosperity

Outside of their widely divergent tax plans, Secretary Clinton and Mr. Trump emphasize similar issues when discussing their priorities for economic development, including denunciation of Wall Street and the need for more widely shared prosperity. Both candidates also support new investments in infrastructure and express discomfort with increased trade and investment liberalization. However, they proscribe differing solutions to boost the economy.

Infrastructure – Clinton

Secretary Clinton has elected to make infrastructure investment one of the primary planks of her economic platform and has pledged to send a $275 billion infrastructure plan to Congress during her first 100 days in office, which, according to the campaign, will create roughly 3.6 million new jobs. The plan would use revenue from the proposed business tax overhaul to pay for new projects ($250 billion) and create an infrastructure bank ($25 billion). Both additional spending and the creation of an infrastructure bank have long been priorities of congressional Democrats, but have failed to garner support in the Republican-controlled Congress. Secretary Clinton has also called for the reauthorization of the Build America bonds program, which expired at the end of 2010. Secretary Clinton has not called for raising the gas tax to fund infrastructure and transportation investment.

Infrastructure – Trump

Donald Trump has called for the creation of an infrastructure rebuilding program to repair roads, airports, bridges, water systems and the power grid. He said the plan will cost between $500 billion and $1 trillion and will create 13 million jobs – a figure that originates with the Senate Budget Committee's estimate of how many workers it would take to fully modernize the nation's infrastructure. In order to pay for the spending, Mr. Trump has said the program would be funded through debt-financed spending, lifting restrictions on energy production and using the resulting tax revenue, as well as setting up a fund where private investors could help pay for the projects. Mr. Trump has also vowed to complete infrastructure projects faster and for less money.

Wages – Clinton

During the long, fractious primary election campaign, the intra-party Democratic debate over raising the minimum wage took center stage. Senator Sanders, in line with many progressive activists, called for an increase in the national minimum wage from $7.25 per hour, where it has been since 2009, to $15 per hour. For many months Secretary Clinton argued that the minimum wage should be raised but resisted the call for $15 per hour. Eventually, Secretary Clinton announced her support for a $12 federal minimum wage with states and cities free to set higher floors if they wish. The Democratic Party platform adopted at this summer's convention backs a federal $15 per hour minimum wage to be implemented "over time."

Wages – Trump

Over the course of the campaign, Mr. Trump's position on the federal minimum wage has shifted. In November 2015, Mr. Trump said that wages were "too high," but in December he said he did not "know how people make it on $7.25 an hour" and expressed his desire to raise the minimum wage. He later went on to say it should be left up to the states and then stated he would be willing to trade a minimum wage increase in exchange for Democratic support for one or more of his other policy priorities.

In late July 2016, Mr. Trump broke with congressional Republicans and called for an increase in the federal minimum wage to "at least $10." The Republican platform says that people are struggling in an economy that "has become unnecessarily weak with stagnant wages" and says the minimum wage "is an issue that should be handled at the state and local level."

Technology and Cybersecurity – Clinton
Secretary Clinton has said she seeks to build on the achievements of the Obama Administration and supports policies that position the government as an active partner alongside the technology industry in developing and implementing policy initiatives. As such, Secretary Clinton would expand investment in public-private partnership to encourage cybersecurity innovation and has called for the launch of a "Manhattan-like project" in which the tech community and law enforcement partner to develop encrypted communications standards together.

In particular, Secretary Clinton is focused on supporting technology policy that accomplishes social policy goals, such as supporting economic opportunities among disadvantaged communities. This includes new investments in technical education as well as additional federal support for technology-related programs, such as federal technology research and increased access to broadband Internet. Secretary Clinton is also broadly supportive of additional regulations in the industry, including implementation of net neutrality and additional data privacy safeguards, and a renewed focus on antitrust enforcement. Secretary Clinton has also said she would appoint a Chief Innovation Officer within the White House Office of Management and Budget.

Technology and Cybersecurity – Trump
Mr. Trump has not yet articulated a vision on technology and cybersecurity policy. Broadly, Mr. Trump supports the elimination of regulations that are harmful to job creation, but which exact regulations are envisioned remains unclear. Mr. Trump supports overturning the FCC's Open Internet Order, tweeting that "Obama's attack on the Internet is another top down power grab." Mr. Trump has argued that the U.S. has obsolete cybersecurity capabilities and that we are falling behind other countries in our ability to prevent and respond to cyber attacks.

Takeaway: Secretary Clinton and Mr. Trump share the end goals of growing the economy and creating more shared prosperity. They also both express distrust of Wall Street. However, the candidates offer vastly differing tax and infrastructure financing development plans. Secretary Clinton aligns with her party in calling for raising the federal minimum wage. Mr. Trump's position on a federal minimum wage has shifted, but he now calls for a federal minimum wage increase to "at least $10."

Energy and Environment – Opposites on Oil, Gas and Coal; Potential Overlap in Nuclear Power

Like in other sectors, Mr. Trump and Secretary Clinton have diametrically opposed policy priorities when it comes to energy and the environment. For the most part mirroring their parties, Mr. Trump is a strong supporter of the fossil fuel industry and questions climate change, while Secretary Clinton emphasizes further expanding the share of renewable energy at the expense of fossil fuels and believes that climate change is an existential threat.

Energy Production – Clinton
Building on the legacy of the Obama Administration, Secretary Clinton has proposed to make the U.S. the "clean energy superpower of the twenty-first century." To that end, Clinton says she will pick up where President Obama left off by continuing tax credits to support development of renewable fuels, supporting energy efficiency efforts and pushing for implementation of the stalled Clean Power Plan. Under her plan, Secretary Clinton foresees moving toward a new energy mix in which non-carbon-emitting sources comprise 33 percent of the U.S. production by 2027, with a significant emphasis on increasing solar energy capacity in the next four years. Secretary Clinton has also called for expanding clean energy development on federal lands through expansion of wind and solar energy production. However, Clinton has ruled out opening federal lands to traditional energy extraction, such as oil drilling and coal mining. Secretary Clinton has also explicitly acknowledged this would mean a transformation away from coal and toward natural gas as a "bridge fuel," but has come out against new hydraulic fracturing projects, instead supporting continued fracking only for existing wells.

Energy Production – Trump
Diametrically opposed to Secretary Clinton, Mr. Trump is a fervent supporter of the fossil fuel sector, questions the existence of anthropomorphic climate change and has expressed skepticism about the economic viability of renewable energy. Broadly speaking, Mr. Trump is in favor of further expanding oil, gas and coal production in the United States and has said he would revoke restrictions on drilling for oil and gas on federal lands, and in his first 100 days in office would "save the coal industry and other industries threatened by Hillary Clinton's extremist agenda." Mr. Trump has said he will

rescind the Climate Action Plan and the Waters of the U.S. Rule, as well as revoke policies that impose restrictions on new drilling technologies such as horizontal drilling and hydraulic fracturing.

However, at various times Donald Trump has expressed support for Democratic-backed initiatives, including the Renewable Fuel Standard and the Production Tax Credit. When discussing local efforts to ban fracking, he responded to a question by saying "Well, I'm in favor of fracking, but I think that voters should have a big say in it. If a municipality or state wants to ban fracking, I can understand it."

Nuclear Power – Clinton
As part of her vision for the "deep decarbonization" of U.S. energy production by 2050, Secretary Clinton has expressed support for the nuclear energy industry, stating "rapidly shutting down our nation's nuclear power fleet puts ideology ahead of science and would make it harder and costlier to build a clean energy future." In particular, Secretary Clinton is in favor of additional investments in advanced reactors and small modular reactors, but is on the record as opposing the Yucca Mountain nuclear waste repository.

Nuclear Power – Trump
Donald Trump's views on nuclear power are somewhat amorphous, and he has expressed both support for nuclear energy and spoken out against picking winners and losers in the energy industry. In the wake of the Fukushima disaster in 2011, Mr. Trump was very supportive of nuclear energy. "I'm in favor of nuclear energy, very strongly in favor of nuclear energy," he said. More recently, Mr. Trump has stressed the importance of eliminating bureaucratic hurdles "so that we can pursue all forms of energy," possibly lowering the costs of domestic production of coal and natural gas-fired energy and making it more difficult for the nuclear energy industry to compete in the ensuing low-cost environment. His lack of official policies makes it difficult at this time to pinpoint Mr. Trump's position on the nuclear industry.

Takeaway: Secretary Clinton and Donald Trump offer vastly different approaches to the future of the U.S. energy mix. Secretary Clinton proposes continuity with President Obama's policies and his push to transition the U.S. away from fossil fuels toward non-carbon intensive energy forms. Secretary Clinton does differ from President Obama in that she places less emphasis on the benefits of the U.S. energy boom and instead focuses more on expanding renewable energy. Mr. Trump is a strong supporter of the fossil fuel industry and has said he will remove Obama Administration regulations that impede the further expansion of oil, gas and coal production in the United States. Mr. Trump's position on nuclear energy is unclear, and he has not yet put together a comprehensive policy proposal for the future of the industry.

Health Care – The Fight Over the ACA Continues

Perhaps no issue has dominated the headlines during the Obama Administration more than the fight over the future of the American health care system. And while Secretary Clinton and Mr. Trump disagree over many health care policies (first and foremost, the Affordable Care Act) both presidential candidates have said they seek to expand health care access, make health care more affordable and improve the quality of care for all Americans.

Insurance and Access to Care – Clinton
Secretary Clinton is a strong supporter of President Obama's signature health care legislation, the Affordable Care Act (ACA), and has pledged not only to keep the law in place, but to expand it. Clinton has said that she will expand coverage through implementing new incentives for states that have not expanded Medicaid, though she has not been specific on what exactly those incentives would be. Secretary Clinton has also said that she would expand access to health care by allowing residents to purchase insurance on the exchanges regardless of their immigration status.

Having been pushed to the left during the primary election, Secretary Clinton recently came out in support of a "public option" insurance plan as part of the ACA and to allow Americans over the age of 55 to purchase coverage under the Medicare program. Other proposed changes are aimed at lowering out-of-pocket expenses by creating a tax-credit for Americans whose out-of-pocket expenses amount to more than five percent of their income and guaranteeing three sick visits per year without having to meet a deductible, among others.

As part of her efforts to increase access to care, Secretary Clinton proposed to provide $40 billion to expand access to community health centers over the next ten years. This has long been a focus of Senator Sanders, who advocated for additional money for the centers in the negotiations leading up to the passage of the ACA and reportedly pushed for its inclusion during discussions with the Clinton campaign earlier this year.

Insurance and Access to Care – Trump
Donald Trump, in line with congressional Republicans, is strongly against the Affordable Care Act and has committed to asking Congress to immediately deliver a full repeal of the ACA on day one of a Trump Administration. As part of this process, Mr. Trump would repeal the individual mandate and roll back Medicaid expansion. However, Mr. Trump has said he supports maintaining ACA provisions that mandate insurance companies provide coverage for individuals with pre-existing conditions.

As a replacement for the ACA, Mr. Trump proposes to lower barriers for insurance companies to do business across state lines and would allow people who purchase their own insurance to deduct the premiums from income taxes. A significant part of this effort would include encouraging individuals to utilize Health Savings Accounts, though no distinct policy proposal for how to do this has been released. As it relates to Medicaid, Mr. Trump has proposed converting the program to a state block grant, allowing states the freedom to to implement the program. Mr. Trump has also discussed the need to "make sure no one slips through the cracks simply because they cannot afford insurance," and has said he would work with states to review Medicaid to ensure coverage for all who want it.

Prescription Drug Costs – Clinton
Secretary Clinton's push to lower prescription drug costs is built around efforts to promote competition and leverage the federal government's bargaining power to lower consumer prices. In particular, Secretary Clinton would seek to allow the Secretary of Health and Human Services to negotiate drug prices with pharmaceutical companies. Clinton's plan to promote competition includes allowing Americans to import cheaper drugs from abroad, expanding access to both traditional and biologic generic drugs by directing additional funding to the FDA's Office of Generic Drugs, and lowering the biologic exclusivity period from 12 to 7 years. Secretary Clinton also said she would direct the FDA to give prioritized, expedited review to biosimilar applications that only have one or two competitors in the marketplace and prohibit "pay for delay" arrangements. In response to rising prices on high profile drugs such as EpiPens and pyrimethamine, Secretary Clinton recently proposed the creation of a new U.S. government oversight board that would investigate price gouging on "long-available treatments" and have the ability to take enforcement action when it finds public health has been threatened.

Secretary Clinton is also focused on limiting out-of-pocket expenses for consumers and would push to cap the amount of money consumers can be expected to pay for drugs at $250 per month. The proposal would not cap the cost of any particular drug, but would instead be based on the full range of prescribed therapies and would apply to prescriptions covered by insurance that are specifically approved by the FDA for the treated condition.

Prescription Drug Costs – Trump
Donald Trump, bucking Republican orthodoxy and siding with congressional Democrats and Secretary Clinton, has called for the removal of barriers to entry into markets by drug providers. This includes changing the law to all importation of prescription drugs to the United States from abroad and allowing Medicare to negotiate prices directly with pharmaceutical companies. According to Mr. Trump, "Though the pharmaceutical industry is in the private sector, drug companies provide a public service."

Mental Health – Clinton
Last week, Secretary Clinton proposed a sweeping mental health agenda that calls for the integration of mental and physical health care systems, expansion of reimbursement structures in Medicare and Medicaid, and for the Center for Medicare and Medicaid Innovation to create and implement the new payment models. Secretary Clinton's plan also includes a major focus on suicide prevention and calls for new funding of brain and behavioral science research at the National Institutes of Health.

In particular, the proposal focuses on increased enforcement of mental health parity and calls for randomized audits to detect parity violations and increased federal enforcement.

Secretary Clinton also called for the Departments of Labor and Health and Human Services to fully enforce disclosure requirements concerning how insurance plans cover non-quantitative treatment limitations.

Mental Health – Trump
Donald Trump has not yet released a comprehensive mental health policy proposal. On his website, Mr. Trump states, "we need to reform our mental health programs and institutions in this country. Families, without the ability to get the information needed to help those who are ailing, are too often not given the tools to help their loved ones. There are promising reforms being developed in Congress that should receive bi-partisan support."

Takeaway: Though they both claim to push for accessible, affordable and high-quality health care, Mr. Trump and Secretary Clinton offer essentially opposite plans for how to achieve these goals. Mr. Trump calls for the repeal of the Affordable Care Act, repeal of the individual mandate and the transformation of Medicaid to a state block grant program. Secretary Clinton, on the other hand, seeks to expand coverage through expanding Medicaid, allowing un-documented immigrants access to the ACA exchanges, creating a "public option" allowing a buy-in to Medicare and providing additional funding for community health centers. Mr. Trump and Secretary Clinton both support changing existing law to allow for the importation of prescription drugs and to give Medicare the ability to negotiate drug prices directly with pharmaceutical companies.

Presidential Transition Teams

Usually during the summer of an election year, presidential candidates slowly announce the appointment of leadership and staff for their presidential transition teams. These transition teams are provided office space and funding by the federal government and are responsible for identifying and vetting candidates for approximately 4,000 non-civil service positions in the U.S. government. Who candidates select to become part of their transition team says a lot about the forthcoming presidential appointments, as well as the potential policy priorities that may be advanced during the next administration.

In January 2016, Congress passed a law modifying the Presidential Transition Act of 1963 instructing the outgoing administration to establish a White House Transition Coordinating Council (WHTCC) and an Agency Transition Directors Council (ATDC) not later than six months before the date of a presidential election. The goal of these councils is to facilitate the presidential transition, including assisting and supporting transition efforts of the transition teams of eligible candidates. A representative from each eligible candidate will serve on the ATDC in an advisory role, but neither candidate has announced its representative to the ATDC. At a WHTCC meeting on Thursday, August 25, Secretary Clinton was represented by transition chairman former Secretary Ken Salazar and co-executive directors Ann O'Leary and Ed Meier. Mr. Trump was represented by transition chairman Governor Chris Christie (R-NJ), executive director Richard Bagger and William Hagerty, Director for Presidential Appointments.

Transition Team – Clinton
- Secretary Ken Salazar, Chair
- Tom Donilon, Co-chair
- Governor Jennifer Granholm, Co-chair
- Neera Tanden, Co-chair
- Maggie Williams, Co-chair
- Ed Meier, Co-executive Director and Campaign Director of Policy Outreach
- Ann O'Leary, Co-executive Director and Campaign Senior Advisor
- John Podesta, Advisor and Campaign Chairman
- Minyon Moore, Advisor and Campaign Senior Advisor
- Heather Boushey, Chief Economist
- Rohit Chopra, Advisor (According to press reports)

Headed by President Obama's Secretary of the Interior and former Democratic Senator from Colorado, Ken Salazar, Secretary Clinton's transition team displays her deep connections with the Washington, D.C. Democratic establishment and striking continuity with the Obama and Clinton Administrations. It includes Tom Donilon (senior staffer in President Clinton's State Department and President Obama's National Security Advisor), Neera Tanden (President of the Center for American Progress, a major left-of-center not-for-profit, and senior advisor to the Secretary of Health and Human Services during the Obama Administration), John Podesta (President Clinton's Chief of Staff and Counselor to President Obama), Minyon Moore (President Clinton's Director of Political Affairs and Director of the Office of Public Liaison), and Ed Meier (former senior advisor in the Obama State Department), among others.

The team has experience in areas from national security to the environment. But the team's deepest expertise is around early childhood and labor market conditions for parents – indicating that Secretary Clinton might be planning to focus as president on questions of children and family. Secretary Clinton's reported inclusion of Rohit Chopra, an accolade of Senator Elizabeth Warren (D-MA) and higher education policy advisor at the Department of Education, may also indicate Clinton plans an aggressive approach to for-profit colleges and student loan companies if she is elected.

The transition team announcement has not been without controversy as progressive Democrats expressed significant umbrage to the appointment of Secretary Salazar to lead the group. Secretary Salazar was considered a moderate Senator from Colorado and has been a supporter of the Trans-Pacific Partnership and hydraulic fracturing, two issues on which he differs from Secretary Clinton.

Transition Team – Trump

- Governor Chris Christie, Chair
- Richard Bagger, Executive Director
- Bill Palatucci, General Counsel
- William Hagerty, Director of Appointments
- John Rader, Transition Director of Appointments
- Jared Kushner, Advisor (According to press reports)
- Jamie Burke, Advisor (According to press reports)
- The Honorable Mike Rogers (R-MI), Advisor (According to press reports)

Donald Trump's transition team is still in the formation stage as only five official members – Governor Christie, Richard Bagger, Bill Palatucci, William Hagerty and John Rader – have been formally announced. Only William Hagerty and John Rader have experience in Washington. William Hagerty served as a White House Fellow and a Domestic Policy Advisor in the President George H.W. Bush White House before beginning a career in private equity. He served as Finance Chair for Mitt Romney's 2008 presidential campaign and as Director of Presidential Appointments on the 2012 Presidential Transition Team. Mr. Hagerty also served as Commissioner of the Tennessee Department of Economic and Community Development. Before joining the Trump campaign's transition team, John Rader served for one year as counsel for the Senate Foreign Relations Committee under Chairman Bob Corker (R-TN). Prior to his move to Washington, Mr. Rader spent four years working in the Governor's office in Tennessee. Bill Palatucci, the transition team's general counsel, is known for his close relationship with Gov. Christie. Mr. Palatucci also served as the New Jersey Executive Director for Bush-Quale 1992 and was elected to the Republican National Committee (RNC) in 2010. Jared Kushner (Trump's son-in-law), Jamie Burke (former RNC, George W. Bush Administration and Romney transition staffer) and Mike Rogers (former Republican Member of Congress from Michigan) are reported to be involved in the process, but have not been formally announced by the campaign as members of the transition team. We understand there is an increasing number of people involved in the transition planning process in a non-public manner.

Takeaway: Secretary Clinton and Mr. Trump's transition teams mirror their broader relationship to Washington and to their respective political parties. Secretary Clinton's transition team is full of veteran Washington political advisors and incorporates voices from both the moderate and progressive wings of the Democratic Party. The composition of the team indicates that, if elected, Secretary Clinton will likely represent significant continuity with the Obama Administration with perhaps a stronger focus on issues related to children and family and a slightly more left-leaning approach to trade and investment.

With the exception of William Hagerty, Mr. Trump's announced transition team is significantly less connected to official Washington Republican circles than Secretary Clinton's is to Democratic circles and does not provide significant guidance as to the policies that may be advanced under a possible Trump Administration. One might imagine the inclusion of Gov. Christie, Mr. Hagarty and Mr. Radar reflects an interest in state-based solutions to problems.