AMERICAN CONSUMER COUNCIL

A Non-Profit Consumer Information Organization

# *Consumer News & Views*


## *May 2021*

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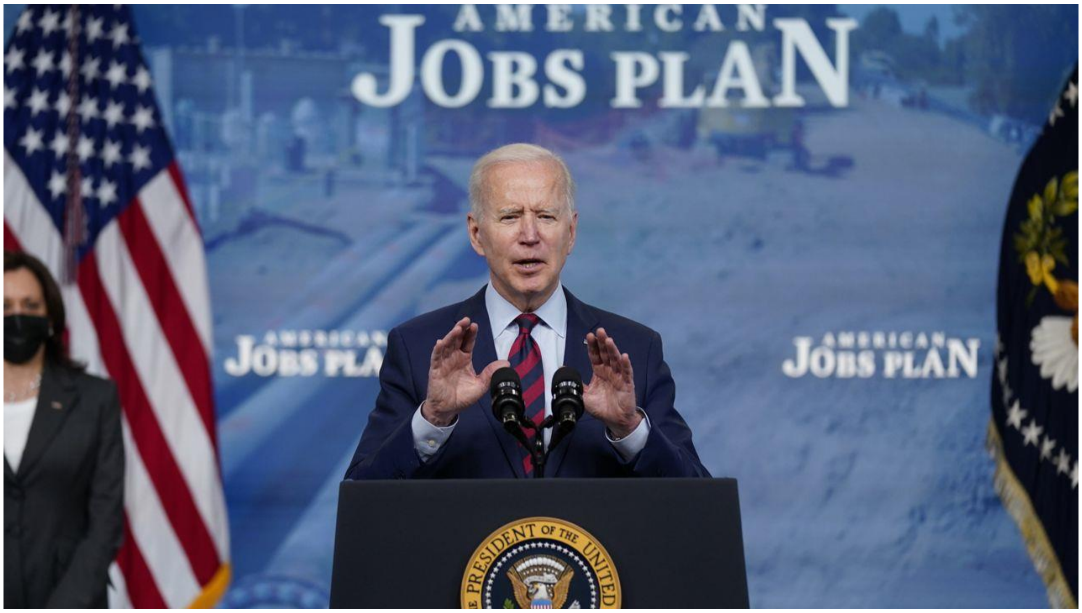
## President Biden's Infrastructure Bill Will Help Consumers.

Although it's ambitious, President Biden's infrastructure bill is chock-full of benefits to consumers – directly and indirectly. Much of Biden's proposal will impact industries that consumers rely on including auto, transportation, technology and education. And, much of what the president has proposed is long-overdue in terms of fixing America's aging roads, bridges and transportation corridors.

According to the *Wall Street Journal's* Jacob M. Schlesinger, here's a summary of what Biden's plan will do to transform America into a 21st Century nation.

Auto manufacturers, semiconductor makers and fiber-optic companies. Renewable-energy producers, pharmaceutical developers, home builders and construction firms. President Biden's $2.3 trillion infrastructure plan touches an array of American businesses and industries.




Many companies stand to benefit from an infusion of federal funds—especially those deemed vital for addressing climate change.

But the money would come with strings attached: requirements that recipients hire unionized workers and in some cases that they use their Washington windfall in specific communities.

The trucking industry would be a major beneficiary of repaired roads, and the American Trucking Associations praised the administration for spending on highways. Still, the group added: "we…disagree with certain provisions—especially those related to labor—that are counterproductive to economic growth and will only serve as political poison pills."

For some companies, subsidies to create higher demand for products and services could also carry the prospect of new regulations to hold prices down. And many companies set to receive the new infusion of federal funds also stand to lose through the increase in corporate taxes that Mr. Biden is seeking to pay for the package.

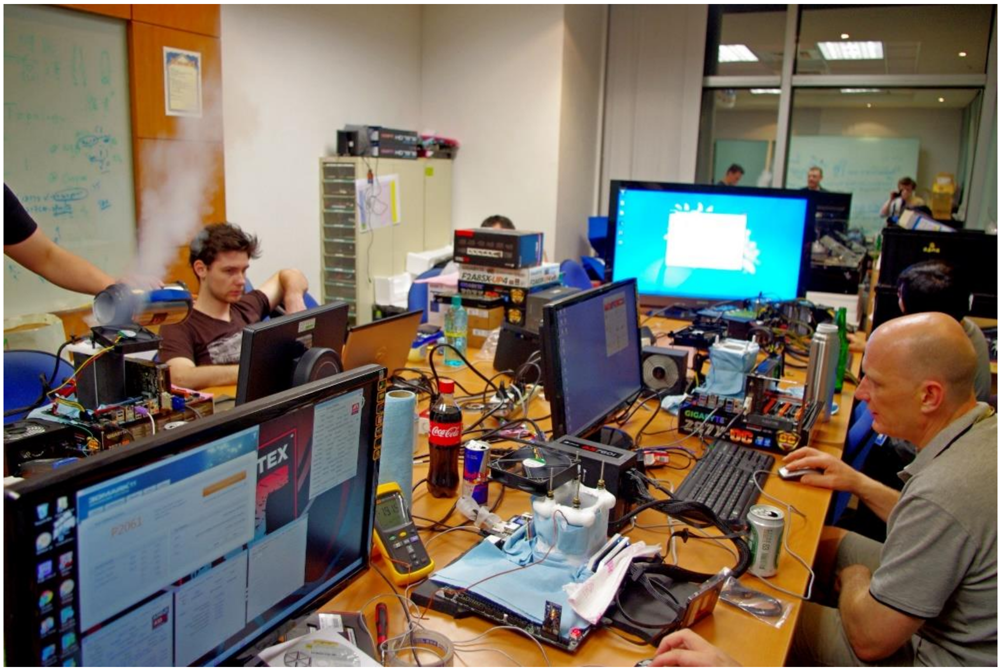
Here's a look at the main sectors and businesses affected by the American Jobs Plan:

Democrats and Republicans are both interested in spending money on the nation's infrastructure. But the two sides don't see eye to eye on what that plan should be and how to pay for it.

Broadband providers:

The plan aims to provide universal high-speed broadband, extending coverage to the 30 million Americans the White House says are lacking. The administration wants to throw $100 billion at the problem.

That is a boon for the industry, especially makers of the fiber lines used to create broadband systems. But beneath the top-line number, the fine print of the Biden plan suggests some losers as well.



“The fiber supply chain is a clear winner and wireless is a clear loser,” wrote analyst Robert Kaminski in a note to clients. “Despite a stated goal of technology neutrality, it would effectively force the deployment of fiber instead of more cost-effective modes,” added Mr. Kaminski, managing director of Capital Alpha Partners LLC, an investor-focused policy-research firm. “There’s also a concern that the new spending will devalue the billions already being spent on slower speeds.”

The administration is making a point of avoiding the appearance of providing aid to private internet giants, stating in the plan that it gives priority to support for networks tied to local governments, nonprofits and cooperatives, favoring those “with less pressure to turn profits.”

Mr. Biden holds out the prospect of short-term subsidies to help consumers pay for internet access but asserts that internet prices in the U.S. are too high. He says over time, his administration will “hold providers accountable,” seeming to indicate some form of price controls.

Semiconductor manufacturers:

“Semiconductors are a clear winner,” Mr. Kaminski wrote, with the industry being offered “$50 billion to subsidize domestic research and manufacturing.”

Mr. Biden is invoking China’s competitive threat as a justification for his package. That argument has widespread bipartisan appeal, and members of both parties already joined hands this year on legislation providing federal incentives to boost domestic chip production and design.

“We applaud the president’s leadership on this issue,” the Semiconductor Industry Association said in a statement welcoming his offer. The group appeared less enthusiastic, however, about Mr. Biden’s plan to fund the subsidies with an increase in corporate taxes, adding that it hoped the president would ensure “a globally competitive corporate tax system.”

Electric-vehicle makers:

The administration has an aggressive $174 billion multipart strategy to boost companies making electric vehicles.

That ranges from direct subsidies to manufacturers to tax credits and other incentives for consumers, as well as federal spending on 500,000 new charging stations to accelerate the building of infrastructure needed for a robust, functioning market.

Mr. Biden also plans to use the power of federal procurement, ordering agencies to use their funds on electric vehicles and for schools to convert to electric buses.

In addition to jump-starting the electric-vehicle industry, Mr. Biden also wants to provide new aid for auto makers to spend on “modernizing supply chains,” with tax credits and “the creation of a new financing program.”

Renewable energy:

The American Jobs Plan is Mr. Biden’s first big bid to reshape the energy sector, boosting renewables while curbing fossil fuels.

He wants to create a new “clean electricity standard” that would force utilities to wean themselves entirely from carbon-emitting sources by 2035.

He is seeking to aid clean-energy producers with direct payments for research and development and tax credits for generation and storage. He wants to expand the market for those producers by ordering federal buildings to use only clean-power sources for electricity.

At the same time, the president wants to eliminate what he estimates are “billions of dollars in subsidies, loopholes, and special foreign tax credits for the fossil fuel industry.”

Pharmaceutical companies:

Mr. Biden’s infrastructure package has the potential to give the sector a lift, with $30 billion in funding over four years aimed at reducing the risk of future pandemics through measures such as replenishing the national stockpile of vaccines and therapeutics, accelerating the timeline for drug development and boosting domestic production of pharmaceutical ingredients that are currently made largely overseas.

Caregivers:

Beyond boosting the nation’s physical infrastructure, the plan is the first step in Mr. Biden’s attempt to improve what he calls the country’s “care infrastructure.”

It includes $400 billion in funding for long-term care for the elderly and people with disabilities. The plan would allow families to use Medicaid to cover those services. It also seeks to restructure the caregiving labor market by seeking a way to allow workers to join labor unions.

The plan also includes a down payment on Mr. Biden's pledge to expand child care, with $25 billion to upgrade existing child-care facilities, as well as expanded tax credits for employers to build their own. Mr. Biden's second big spending package, to be released in April, is expected to include more funding for childcare.

Housing and home builders:

The package "includes a boost for housing," wrote Jaret Seiberg, an analyst with Cowen Washington Research Group. "Key is a tax credit for refurbishment of existing homes in low-income and rural areas," he added. "It also includes money for rental housing and to encourage local zoning changes."

Historically low interest rates, combined with the pandemic-fueled rise in working from home, have created a surge in demand for housing and a shortage of home supply. The Biden plan earmarks $230 billion to try to address that issue.

Construction companies and suppliers:

Construction companies and their suppliers would see a huge boost from the package, which aims to modernize 20,000 miles of roads, repair 10,000 bridges and restore public investment as a share of the economy to 1960s levels.

Both the steel and aluminum industries issued statements endorsing the plan. Former President Donald Trump tried to aid both industries with tariffs blocking imports, with mixed success. They are now hoping Mr. Biden's big spending will provide another opportunity for a government-driven lift.

Jim Baird, chief investment officer of Plante Moran Financial Advisors, warned of the possible inflationary impact in an already-overheated construction sector.

"Raw material prices have risen in recent months as consumer demand for goods have supported the recovery in construction and manufacturing," he wrote. "The question is whether inflation will continue to surge alongside an increased focus on infrastructure."

Colleges and universities:

Higher education stands to gain with tens of billions of dollars aimed at research, including $40 billion for "upgrading research in laboratories across the country."

As in many of the proposals in the package, much of that money would be set aside for minority communities. Half the research funds would be allocated for historically Black colleges and universities.

Amtrak:

Befitting a big-spending package from a president nicknamed "Amtrak Joe," the president's infrastructure plan includes $80 billion to cover the railroad's repair backlog and to "modernize the high traffic Northeast Corridor" that Mr. Biden long famously rode when commuting from his home state of Delaware to the nation's capital. The funds would also go to connecting new cities that don't have lines between them.

Government:

Under the Biden plan, the government wouldn't just be doling out funds but would increase its role as an employer in favored sectors, with the creation of a raft of new agencies.

The plan calls for creation of a new Deployment Authority at the Energy Department, a new, $50 billion Technology Directorate at the National Science Foundation and a $50 billion office at the Commerce Department for "monitoring domestic industrial capacity and funding investments to support production of critical goods."

Source: *Wall Street Journal*, Jacob M. Schlesinger at jacob.schlesinger@wsj.com

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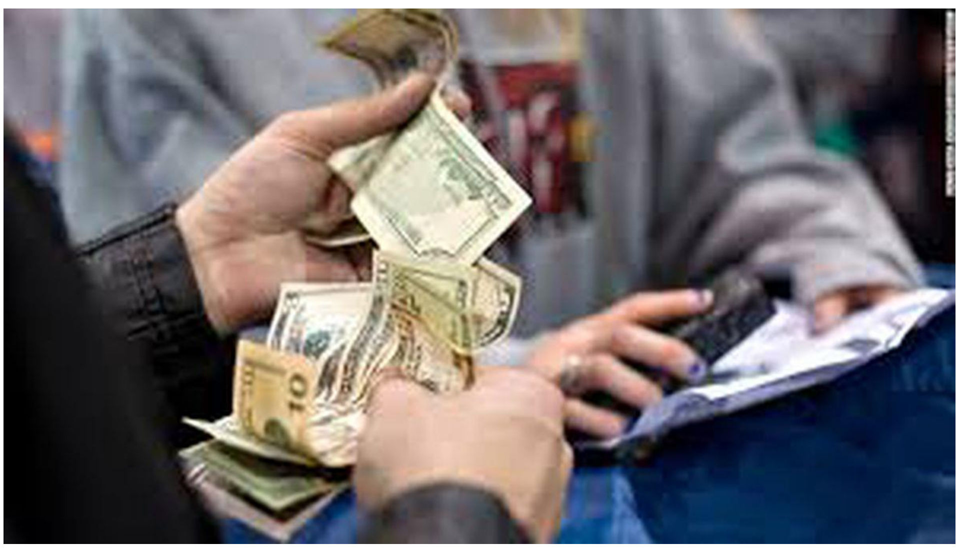
## Consumer Confidence Continues to Rise in April 2021.

The Conference Board ***Consumer Confidence Index®*** improved again in February, after increasing in January. The Index now stands at 91.3 (1985=100), up from 88.9 in January. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—climbed from 85.5 to 92.0. However, the Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—fell marginally, from 91.2 last month to 90.8 in February.

U.S. consumer confidence jumped to a 14-month high in April as increased vaccinations against COVID-19 and additional fiscal stimulus allowed for more services businesses to reopen, boosting demand and hiring by companies.



The upbeat survey from the Conference Board, which also showed a strong increase in vacation plans, suggested the economy continued to power ahead early in the second quarter after what appears to have been robust growth in the first three months of the year, believed by many economists to have been the second strongest since 2003. Growth this year is expected to be the best in nearly four decades.

"Consumers are seeing the light at the end of the COVID tunnel," said Ben Ayers, senior economist at Nationwide in Columbus, Ohio. "Led by strong spending as households return to eating out, traveling and visiting stores, the economy should surge ahead starting the second quarter and likely carrying into 2022."

The Conference Board's consumer confidence index raced to a reading of 121.7 this month. That was the highest level since February 2020, just before the onset of the COVID-19 pandemic and followed a reading of 109.0 in March. It was the fourth straight monthly increase in the index.

Economists polled by Reuters had forecast the index would increase to a reading of 113.0 in April.

The survey's present situation measure, based on consumers' assessment of current business and labor market conditions, soared to a reading of 139.6 from 110.1 last month. But the expectations index, based on consumers' short-term outlook for income, business and labor market conditions, ticked up to 109.8 from 108.3 in March.

Source: April 2021: https://www.reuters.com/business/us-consumer-confidence-vaults-14-month-high-april-2021-04-27/

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## Financial Education Series:

## ACC Features Two New Financial Education Videos.

The American Consumer Council has released two new video series as part of its financial education series that focuses on Helping Millennials and Gen Z'ers Improve Their Financial Knowledge. These two videos are:

**Teaching Kids Under 12: https://youtu.be/s5YxhHXIzKI**
**Teaching Kids Over 12: https://youtu.be/pfuuQKHFXLY**

These two new videos mark the sixth year ACC has focused on topics impacting Millennials and Gen Z'ers.  These videos by Kim Curtis, Certified Financial Planner, focus on teaching kids (under 12 and a separate video for kids over 12) about how to be aware of spending, saving and investing their money.

ACC also has promoted other financial education videos as part of its series to help Millennials feel more condiment about their financial dealings.

Those videos are: ***"How to Have a Great Vacation… on the Cheap!"*** Members can view it at: https://www.youtube.com/watch?v=eJo0UjLINKk&feature=youtu.be The second video is entitled, **"Money Topics Every Couple Must Discuss."** It can be viewed at: https://www.youtube.com/watch?v=qsGb3Gr1aMY&feature=youtu.be The third video is **"What Consumers Should Know About Time Shares Before Signing on the Dotted Line."** It can be viewed at: https://www.youtube.com/watch?v=F2OX0hnFq8k

ACC's financial education video series is designed to help consumers, especially Millennials, better manage their finances and get access to financial services. The free series is available online at http://www.americanconsumercouncil.org/videos.asp and features certified financial planner and author, Kimberly Curtis, who is a popular author, speaker and the CEO of *The Wealth Legacy Institute* in Denver, Colorado.

The video series has been well received by Millennials (18-35 year olds) and has encouraged over 12,200 Millennials to join credit unions through ACC since September 1, 2016.

The other video topics include: **Paying for the Cost of College**; **Paying Off Debt While Building Wealth**; **Home-Buying Mistakes to Avoid**; **Goals to Reach by Age 30**; **Money Mistakes Everyone Makes**; **and, "How to Prevent Identity Theft."**
**Click on any of the links to watch these videos.**

The American Consumer Council's president Thomas Hinton, stated "Millennials (ages 18-30) want timely information delivered through short videos to help them better manage their money and debts. This series answers many of their questions and encourages Millennials to seek out the services of credit unions that are skilled at providing a broad range of financial services at very competitive rates."

According to ACC's research, there are over 75 million Millennials in the United States and nearly 42% have not established any financial services relationship with an insured financial institution.

The American Consumer Council is currently promoting a series of financial education videos for Millennials that will be continue into 2021. ACC expects a strong response to the video series given the number of inquiries ACC has received from its 312,000+ members.

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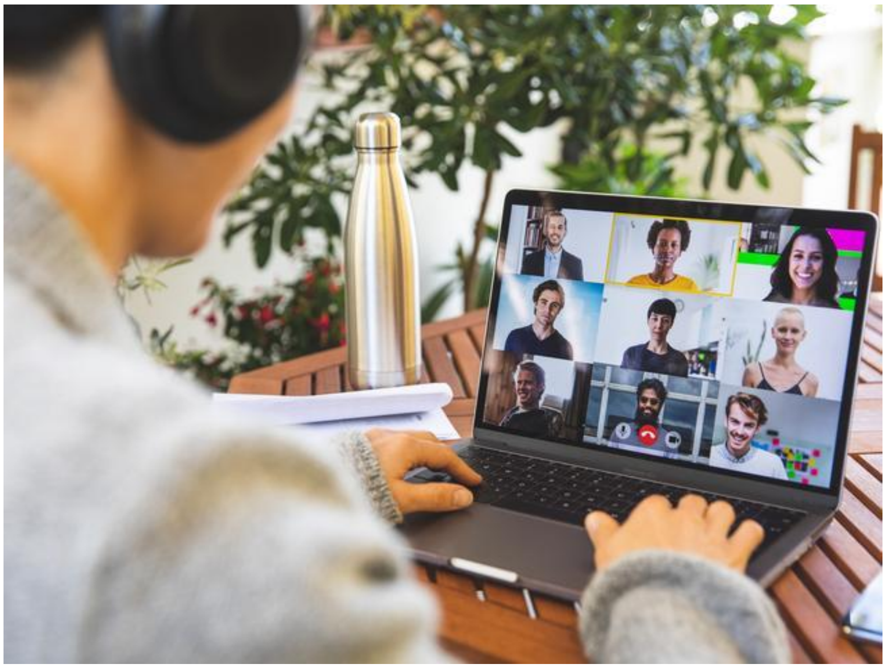
## ACC's *Friend of the Consumer Award* Recognizes Outstanding Businesses.

Is your business consumer-friendly? Does your business deserve greater recognition for its service to consumers? If so, you should apply for the American Consumer Council's Friend of the Consumer Award. Now is the time to apply!

Throughout the year, ACC presents its "Friend of the Consumer" Awards. This prestigious award recognizes manufacturers, retailers, and other businesses that produce or sell products in the United States that meet or exceed federally mandated standards and are touted by consumers as "consumer friendly."



Each year, ACC awards numerous "Friend of the Consumer" Awards to deserving companies and organizations because they have "demonstrated a commitment to American consumers by providing a specific product or service that fosters consumer confidence and market acceptance."

To apply for the "Friend of the Consumer" Award, complete the online application and return it to ACC with the application fee. Applicants will be notified within 5 days of receipt of their application. Thereafter, a panel of independent judges will review your application and make a formal recommendation within 20 days of receipt of your award application.

For more information, visit: [http://www.americanconsumercouncil.org/awards.html](http://www.americanconsumercouncil.org/awards.html)

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## Green C[SM] Certification Accepting Applications for Summer 2021 Cycle:

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green C$^{SM}$ Certification**. Applications for the Winter 2021 application cycle are now being accepted through August 31, 2021.

It's a proven fact that consumers want to do business with companies that are eco-friendly and practice Corporate Social Responsibility (CSR). The process is straight-forward and all applicants are recognized by ACC and the Green USA Institute.

All applicants complete the criteria and submit their responses to ACC's Green Consumer Council for review, assessment and feedback. Program details and the **Green C$^{SM}$ Certification** criteria can be viewed at ACC's website located at: www.americanconsumercouncil.org/green

For more information, please call ACC at 1-800-544-0414 or visit ACC's website by clicking here. To become a member of the American Consumer Council, visit us at: www.americanconsumercouncil.org

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