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House Passes Very Narrow Defense Bill

House and Senate lawmakers released their final compromise legislation for the National Defense Authorization Acts (NDAA) last week. Several controversial provisions, including funding for a border wall, significantly stalled negotiations this year and resulted in a very narrowly focused bill, effectively excluding almost all of the non-armed services provisions from the final NDAA. Therefore, SFAA’s provision to exempt the Miller Act from periodic indexing for inflation (H.R. 224) was not included in this year’s final NDAA report. The bill does include $11.8 billion for military and military family housing construction. The House approved the bill late last week by a vote of 377-48 and the Senate is expected to approve it shortly.

SFAA has remained in close contact with its champions and other key decision makers in the Senate throughout the NDAA negotiating process to ensure they support our efforts to advance H.R. 224 next year. SFAA, NASBP and the American Subcontractors Association have begun to reengage its allies in the House Small Business Committee to ensure it remains a priority issue moving into next year’s session. The current Chairwoman of the House Small Business Committee, Rep. Nydia Velazquez (D-NY), and the Ranking Member of the Committee, Rep. Steve Chabot (R-OH), introduced H.R. 224 and continue to be advocates for protecting small business subcontractors who build public works projects.

SFAA, along with a broader coalition of construction industry stakeholders, will continue to pursue legislation that exempts the federal Miller Act threshold from arbitrary indexing for inflation.

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Economists: Recession Looks
Economists are upbeat on the U.S. economy after two Federal Reserve rate cuts and an partial resolution to some trade disputes with China, according to The Washington Post.

“The risk of a trade-war-induced recession — which we never thought was high — has been materially reduced,” said Ian Shepherdson, chief economist at Pantheon Macroeconomics.

The White House signaled that trade negotiations will take years, which has led some to believe that President Trump will be less aggressive against China during his reelection campaign. The President has agreed to cut tariffs on $120 billion of Chinese goods, and China has agreed to buy $200 billion in U.S. products over the next two years.

The President and Congress also agreed last week on a new free trade deal with Canada and Mexico, which continues to keep most goods traded between the nations tariff-free.

A slowdown in corporate spending had given economists pause over the summer, but the removal of uncertainty surrounding tariffs and borrowing costs should give businesses enough confidence to resume investment. The White House projects economic growth of 2.7% in 2020, up from 2.2% this year.

Housing has been seen as the biggest beneficiary from the Fed rate cuts, with refinancing and borrowing picking up since the summer. While Home Depot and some economists are not particularly bullish on housing or the economy in 2020, AGC’s chief economist believes 2020 will see “a burst of home construction” since contractors remain "very busy and upbeat about the future."

Mid-Atlantic LSA Raises Money For The Surety Foundation

Each year at the Mid-Atlantic Surety Association's holiday party, the membership donate to a charity of their choosing. This year, the members chose to partner with The Surety Foundation in advancing its mission to attract new and diverse professionals to the industry. SFAA President Lee Covington attended the event and thanked attendees for their generous $1,200 donation and commitment to helping more people find a rewarding career in the surety and fidelity industry.

SFAA members with college recruiting programs are encouraged to enhance internship offers for eligible students with the opportunity to earn a $5,000 scholarship from The Surety Foundation's Surety & Fidelity Industry Intern and Scholarship Program for Underrepresented Students (SFIISP). Applications may be submitted to The Surety Foundation during the course of the internship, and scholarships will be awarded to successful applicants upon completion of summer internships. The Surety Foundation will tend to all the details. SFAA members’ only role is to make eligible students aware of the opportunity during the internship recruiting process.

More details and promotional materials can be found here. If your company does not have a college recruiting program and are interested in learning about how you might be able to participate, please contact Barbara Reiff at breiff@surety.org.
Apply for the Surety Industry Awards!

SFAA and NASBP invite all Local Surety Associations to submit applications for the Surety Industry Awards in recognition of their work promoting surety bonding.

Award categories are:
- Silver Award
- Gold Award
- Platinum Award
- Advocacy Award
- Tiger Trust

Please email Seth Johnson with any questions. The deadline to apply is February 17, 2020.
The Surety & Fidelity Association of America (SFAA) is a trade association of more than 425 insurance companies that write over 98 percent of surety and fidelity bonds in the U.S. SFAA is licensed as a rating or advisory organization in all states and it has been designated by state insurance departments as a statistical agent for the reporting of fidelity and surety experience.