

Monday, May 3, 2021
To: New York Community Banks

FROM ICBA

ICBA thanks state affiliates for Capital Summit efforts

ICBA thanks the affiliated state banking associations that participated in last week's ICBA Capital Summit by setting up grassroots meetings with congressional offices.

Meetings: These critical efforts and coordination with ICBA were instrumental in last week's more than 100 grassroots meetings with members of Congress and staff, with more scheduled in the coming weeks.

(Note: IBANYS held very successful virtual meetings with the offices of Senate Majority Leader Schumer, Senator Gillibrand, House Financial Services Committee members C. Maloney, Velazquez, Meks & Zeldin; Former committee member Tenney (newly elected again after a two-year absence); Ways & means Committee member Reed; Small Business Committee Chair Velazquez and committee members Tenney and Delgado, and newly elected member Jacobs. **IBANYS thanks the large number of New York community bankers** who volunteered their time, experiences and expertise to participate in these important calls!)

Event: The summit also featured remarks from Senate Banking Committee Chairman Sherrod Brown (D-Ohio) and Senate Energy and Natural Resources Committee Chairman Joe Manchin (D-W.Va.), whose conversation with ICBA President and CEO Rebeca Romero Rainey [can be viewed online](#).

Grassroots: Community bankers can continue to call, write, and tweet their lawmakers on behalf of top advocacy priorities via ICBA's [Be Heard grassroots action center](#).

Fed: banking system showing resilience

Financial institutions' strong capital and liquidity positions have enabled the banking system to support the U.S. economic recovery, the Federal Reserve reported.

Capital: In its latest [supervision and regulation report](#), the Fed said banks entered the pandemic with strong capital positions and built further capital last year. At year-end 2020, capital ratios remain well above regulatory minimums at nearly all firms, it said.

Lending: The Fed also said bank lending has been slow amid the pandemic, with little growth beyond the Paycheck Protection Program. Loan balances peaked in May 2020 and declined through the rest of the year.

IRS issues child tax credit, unemployment info

The IRS posted information on American Rescue Plan Act updates to the Child Tax Credit and unemployment compensation tax relief.

Child Credit: A [new webpage](#) details the act's expansion of the Child Tax Credit for tax year 2021. The act increased the amount for many taxpayers and made it fully refundable.

Unemployment: New [frequently asked questions](#) detail relief for individuals who received unemployment compensation in 2020.

Personal income surges in March

Personal income increased 21.1 percent in March on federal Economic Impact Payments following a 7.0 percent decline in February, the Commerce Department [reported](#). Consumer spending increased 4.2 percent following a 1.0 percent decline.

Consumer sentiment rises again in April

Consumer sentiment rose 4.0 percent in April and was up 23.0 percent from a year ago, according to the University of Michigan's [index](#). The index rose to 88.3 from 84.9 in March and 71.8 a year ago.

FROM OTHER SOURCES

- As more cities and counties with robust Covid vaccination rates start to experience stirrings of pre-pandemic life, some communities just a short drive away are seeing the opposite: paltry demand for shots accompanied by new hot spots of disease - and the Biden administration is redoubling its efforts to reach the stragglers. https://www.politico.com/news/2021/05/03/feds-covid-vaccination-rates-drop-485151?mkt_tok=ODUwLVRBQS01MTEAAAF80StiZChr4raNt1PPzyXk0op9M7HzN2teCmMtblrEiIJ-EMelruVWvbMYBnzJwdGEwd-Jt4uc-86x6rUkYY_Lvy4Ymw92oqVt3f48oWAFH0Hw

- Early in the pandemic, when vaccines for the coronavirus were still just a glimmer on the horizon, the term "herd immunity" came to signify the endgame: the point when enough Americans would be protected from the virus so we could be rid of the pathogen and reclaim our lives. Widely circulating coronavirus variants and persistent hesitancy about vaccines will keep the goal out of reach. The virus is here to stay but vaccinating the most vulnerable may be enough to restore normalcy. <https://www.nytimes.com/2021/05/03/health/covid-herd-immunity-vaccine.html>
- President Biden is open to several possibilities to pass his \$4 trillion combined infrastructure plans, including breaking up his proposals into multiple bills, according to a White House official. Biden will host both Republican and Democratic congressional leaders next week at the White House to try and sell his plans. ([Bloomberg](#))
- Treasury Secretary Yellen emphasized this weekend that under Biden's proposed \$6 trillion in spending, no family earning less than \$400,000 will "pay a penny more in taxes." GOP Sen. Portman (R-OH) insisted Yellen is "just wrong on that." White House chief of staff Klain repeated the Biden administration's pledge, saying that "many more Americans will see their taxes go down if the president's plan is passed than see them go up." ([Politico](#))
- Household income rose at a record pace of 21.1% in March as federal-stimulus checks helped fuel an economic revival that is poised to endure with an easing pandemic. The 21.1% March surge in income was the largest monthly increase for government records tracing back to 1959, largely reflecting \$1,400 stimulus checks included in President Biden's fiscal relief package signed into law in March. https://www.wsj.com/articles/consumer-spending-personal-income-march-2021-11619732790?mkt_tok=ODUwLVRBQS01MTEAAAF80Q4quV7ahN6YMLOMMHm41gipj_-pcv22F-Fa9J-EI7aoUI6rL8IkIXzupXjt_z-KTzpMVxMznp6rvGd8uvU0JgWZZKv9BaSawh2YUPuhh00s
- Black homeowners are having a harder time catching up on missed mortgage payments than other borrowers, new federal research shows. The share of Black homeowners in forbearance stood at about 11% in mid-April, more than double the overall rate and that of white borrowers, according to the Federal Reserve Bank of Philadelphia. https://www.wsj.com/articles/many-black-homeowners-are-falling-further-behind-on-their-mortgages-11619964001?mkt_tok=ODUwLVRBQS01MTEAAAF80Q4qub2SGzNeVmK_hOMGqAHC8rIFSDStbFpVzYr_ZdbNlmS0eSSKOaphOtCcrRk36HILx1EVSmIcZIDckOo2VkJgpf7KaQfBseD4AUGi8Vz3
- Congressional Representatives from high-tax states including New York have formed a State and Local Tax (SALT) deduction Caucus to call for a full repeal of the provision as Democrats contemplate significant changes to the tax code to pay for President Biden's infrastructure plan. The most vocal of them are from New York State. 17 of 19 New York Democrats wrote an [open letter](#) to Speaker Pelosi saying they "reserve the right" to oppose any new tax legislation, including the infrastructure bill, that doesn't include a full repeal of the SALT cap. Rep. Suozzi (D-L.I.) noted: "I want to get all this stuff done, but no SALT, no deal. This is existential for my state." https://www.nytimes.com/2021/05/01/business/salt-tax-cap-repeal.html?mkt_tok=ODUwLVRBQS01MTEAAAF80Q4quV3TRqPNd6UY1mNu5TrWX5Z01klpng7gGoF20mHEWURtyUY4DGby70eDhkY60h0Cwup-_SBpu02ZsX0QNtw02UUVZPIKAQZPv6l-99RD

FROM NEW YORK

- New York State's COVID-19 test positivity rate on Saturday was below 1.5% for the first time since late last October, [the Times Union reports](#). [The statewide COVID-19 positivity rate](#) is now 1.49%. The Governor reported that the statewide 7-Day average positivity rate dropped to 1.84%—the lowest since November 6. Hospitalizations dropped to 2,535—the lowest since November 20 and is down 33% over the last two weeks. ICU patients dropped to 637—the lowest since November 26. Intubations dropped to 406—the lowest since December 3. 33 New Yorkers lost their lives to COVID-19. 33 more New Yorkers lost their lives to COVID-19. <https://empirereportnewyork.com/governor-cuomo-announces-single-day-covid-19-positivity-rate-drops-below-1-5-percent-for-first-time-since-october-28/>

- Governor Cuomo announced that more than a third of the state's residents are now fully vaccinated against COVID-19, including more than 3 million New York City residents, [Gothamist reports](#).
- [Western New York lawmakers continue](#) to call for action as the U.S., Canadian border remains closed to non-essential travel for at least another three weeks.
- New York City's road to recovery takes another significant milestone step today when an estimated 80,000 municipal workers are scheduled to return to their offices for the first time in over a year after the COVID-19 pandemic shuttered most buildings last March. It comes almost two months before the citywide reopening he said hopes to see by July 1. Not everyone is ready to head back: Hundreds of city employees protested outside City Hall on Saturday the decision to go back into the office. <https://www.nbcnewyork.com/news/coronavirus/80k-city-workers-expected-back-in-nyc-offices-monday/3031821/>
- Governor Cuomo announced Friday that indoor dining would be expanded to 75% capacity in New York City starting May 7, bringing the city in line with the rest of the state. Hair salons, barber shops and other personal care services will also expand to 75% capacity the same day. NYC gyms and fitness centers will expand to 50% capacity beginning May 15. <https://gothamist.com/food/nyc-indoor-dining-expand-75-capacity-starting-may-7th>
- Overtime costs at state agencies in New York increased 5.5% last year as COVID-19 put some departments into high gear to address the pandemic, particularly at the state Department of Labor as it grappled with an unprecedented rise in unemployment claims, [Gannett Albany reports](#).
- New York politicians are preparing for a contentious redistricting process after the U.S. Census Bureau said last week that the state's delegation to the U.S. House of Representatives will decrease by a seat. https://www.wsj.com/articles/new-york-faces-likely-congressional-redistricting-fight-after-latest-u-s-census-11619996400?mod=hp_featst_pos3&mkt_tok=ODUwLVRBQS01MTEAAAF80StiZMz8Z6elQtR0q4aP_9LRJa2Uj9je6ddulk6Ej1p5LsVI2wsy0mIxV8Y37gGhRByzhaDwLr7YmSJXSzgLOUmLieCIIdvn6aMjZUQ6WNh4K.
- State legislators are expected to vote today on extending the state's eviction moratorium Monday. It expired over the weekend. The extension would mean any New York tenant who has submitted a hardship declaration form will be protected from eviction for the next four months. That would buy tenants some time to apply for the state's rent relief program, which opens up this month. <https://wnyt.com/news/nys-legislature-coronavirus-pandemic-eviction-moratorium-rent-relief--/6094846/?cat=10114>
- The New York Post reports that a Long Island man who only ever made one mortgage payment has deftly used the courts to [stay in the house for 23 years — for free](#).

#

IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.

- **John J. Witkowski, President & CEO (Johnw@ibanys.net; 716.880.0518)**
- **Stephen W. Rice, Director, Communications & Government Relations (Stever@ibanys.net)**