Hamilton Lane

Do something for someone other than yourself.

December 9, 2021 | Mario Giannini, CEO

KEY TAKEAWAYS

- What should frighten us most about the Omicron variant is not the variant itself but government, social media and general public reaction. This kind of shoot first, ask questions later is disruptive and will create so much fear, confusion and uncertainty that it will seriously delay the inevitable need to learn to live with COVID-19. Page 3
- You've heard me say on these pages that I don't believe inflation will prove to be a big problem as 2022 unfolds. Many, perhaps most others, would beg to differ. This, it seems, is the essential debate of '22. Page 8
- Saying we're net zero may make us feel better, but we shouldn't be surprised if, when we get to 2030 or 2050, whenever we have piously said we are getting to that target, we actually feel quite a bit warmer than we do today. Lifestyles will need to change beyond finding a shovel and putting a tree out there somewhere. Page 9
- Did you hear about the last Invitation Homes earnings announcement? INVH is the largest publicly traded owner of single-family rentals in the U.S., and I heard (as of Q3 2021) they had occupancy of 98.1%, new-lease rent growth was 18.4%, and same-store renewal rent growth was 7.8%. Page 10

COVID-19

Let's admit it, before the last week or so, the only people who knew an omicron were those who used that letter in a fraternity or sorority. Now? It hovers over us like the sword of death.

THE OMICRON VARIANT

The World Health Organization has named it. Nations have closed their borders to African countries that are seen as housing a reservoir of Omicron viruses. Countries are renewing testing and quarantine requirements for travelers to prevent the spread in their country. I have seen publications declare that this is the feared "vaccine-resistant

strain" or that this is not even a strain, but a brand-new virus, "SARS-CoV-3." (We've been dealing with "2," so you know we're in trouble when you give this virus a subsequent number.)

Is there any hope? Are we headed for phase two of the pandemic, in which we all lock down again until we find a new vaccine?

Let's take a deep breath and try to figure out what's going on, as best we can.

To start, this is very early in the Omicron variant's history. What we know is that the variant appears to have started in the Johannesburg area of South Africa, a populated area in which it has plenty of places to spread, something it appears to be doing. We also believe the variant developed in a host patient that had other immune issues, perhaps an HIV-infected patient. Scientists have been saying for some time that the most worrisome variants are likely to arise from immuno-compromised patients. But, with any variant, we have to answer three questions: Is it more contagious? Is it more virulent? Does it evade vaccines?

- We believe it is more contagious than the Delta variant. We believe that because authorities in South Africa have said it is spreading rapidly in the J-burg region. But there could be other factors at work. Right now, it is an operating assumption that it is more contagious, but no one actually knows whether it is and, if it is more contagious, how much more contagious.
- Is it more virulent? Interestingly, the doctor that first identified the variant in South Africa also reported that patients exhibited far milder symptoms. That's right, something you haven't seen widely reported. *Far milder symptoms than prior COVID-19 variants.* There is no evidence, anecdotal or otherwise, that suggests the variant causes more illness or death. Here is what the chair of the South African Medical Association said: "No one here in South Africa is known to have been hospitalized with the Omicron variant, nor is anyone here believed to have fallen seriously ill with it."

  If you are sitting in your closet, in the dark, sealed in with antibacterial gel, repeat that paragraph and open the door.

  [There is an interesting theory – and that's all it is – from one scientist who has studied the variant and thinks that its mutation comes, in part, from the common cold virus. His theory is that this accounts for its greater transmissibility but also its milder form.]
- Does it evade existing vaccines? The short answer is no one knows today. This variant has an unusually large number of mutations (I've seen the number 32 used a lot, so let's stay with that) to the spike protein. That matters because the spike protein is the virus's entry mechanism and changes to that mechanism can, in theory, make it better able to evade vaccine protections. But that, right now, is pure conjecture. Countries have found some cases of the Omicron variant in people who returned from Africa who had been vaccinated and many jumped to the conclusion that the vaccines were ineffective. Perhaps, but we have seen plenty of breakthrough cases with the Delta variant. The CEO of Moderna said, "There is no world, I think, where [the effectiveness] is the same level…we had with [the] Delta [variant]. I think it's going to be a material drop. I just don't know how much because we need to wait for the data. But all the scientists I've talked to ... are like, 'This is not going to be good'." That doesn't sound encouraging coming from someone that should know better than most (although, in fairness, also someone that would benefit greatly by having to come out with another vaccine to use on billions of people around the world). Conversely, BioNTech, which developed the Pfizer vaccine, said that they would be surprised if that vaccine wasn't effective against the Omicron variant.

Another clue people have been using, probably incorrectly, is some data from South Africa suggesting previously infected people are more likely to become infected with the Omicron variant than with the Delta variant. Even if that proves to be correct, we have seen lots of evidence that vaccines provide more protection from infection than prior COVID-19 infections. This piece of evidence doesn't tell us much.

Here's my non-scientific view: We have spent a good part of 2021 worrying about variants that will evade vaccines. Recall that we were told the Delta variant would evade vaccines. It didn't. Omicron could be the one that does but, if we were laying odds, they would be heavily in favor of vaccines being effective against this variant. It's noteworthy that South Africa is not reporting many vaccinated patients with the Omicron variant. You would expect to see many more if the variant was vaccine resistant. However, we don't know for certain today.

What we do know is that the reaction to this variant has been extreme. The U.S. President has said we should be concerned but not panic. When the President says not to panic, the first reaction is to panic. The Omicron variant has dominated headlines and governments have reacted with travel bans from certain regions. Will those be effective?

We have seen this movie before. Once you have enough evidence of the variant's spread to warrant a travel ban, the variant is widespread enough that the ban doesn't work. Most borders are porous and the virus finds a way. One doctor had a great analogy, saying travel bans are like "putting up a white picket fence to keep mosquitos out of your yard." The travel bans are political tools designed to reassure the public that your government is taking action to protect you. They aren't. They are encouraging countries that might identify future variants to say nothing, otherwise they risk being isolated from the rest of the world and left to suffer the economic consequences.

In case you think I'm overstating the uselessness of travel bans, the Netherlands recently reported that they found cases of the Omicron variant in the country that *pre-date* the announcement of the variant's discovery in South Africa. Nigeria and India said the same thing. They found the variant in samples from October. You read that correctly—the variant was already hitchhiking around various parts of the world before anyone knew it existed and before travel from Southern Africa was stopped.

What is the solution?

- Make sure we examine all the facts, not just the ones that create sensational headlines. The one data point we have is that doctors in areas where this variant accounts for the majority of cases say there have been no deaths and much milder symptoms. They've also noted that most of the cases are affecting younger people, not older, vaccinated people. That's all good news. (I have also seen the stories that those same areas are reporting increased hospitalizations as cases surge. The tone is ominous. The data is less ominous. Doctors in the most impacted area of South Africa say that 90% of those hospitalized patients are unvaccinated.)
- At the risk of repetition, it is something that I have mentioned in these updates continually: Vaccinate everyone. Until we do that, the virus will continue to circulate and mutate.
- Get the vaccines to the poorest countries in the world ASAP. Until we have vaccinated a high percentage of the world population, we will have these periodic scares as different variants are identified. One may actually be a variant that is deadlier and does evade vaccines.

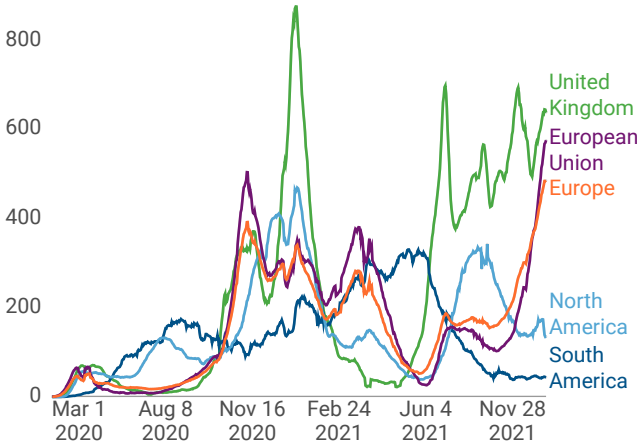
What should frighten us most about the Omicron variant is not the variant itself but government, social media and general public reaction. This kind of shoot first, ask questions later is disruptive and will create so much fear, confusion and uncertainty that it will seriously delay the inevitable need to learn to live with COVID-19. If we are going to go to our bunkers with each announced new variant, we will spend the next few years lurching from one

emergency and panic situation to another. That scares me more right now than the Omicron variant.

Where are we with COVID-19, apart from the Omicron variant? I suspect part of the reason the variant created such a panic (apart from our need to hear bad news) is that there has been a growing unease with the entire COVID-19 situation. Most notably, cases in many parts of Europe continue to climb, exceeding levels seen earlier in the pandemic.

Daily new confirmed COVID-19 cases per million people

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.



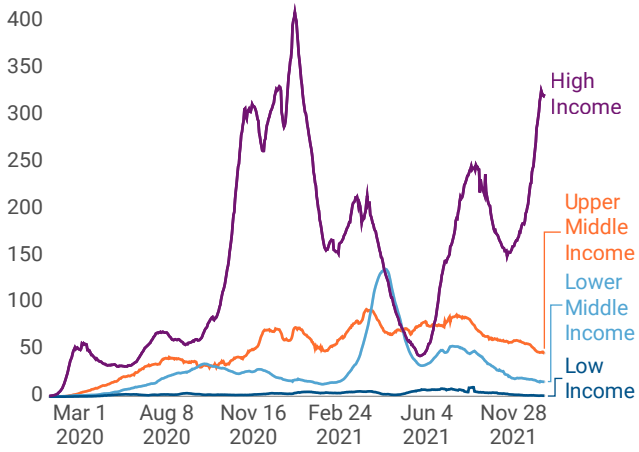
Source: Johns Hopkins University CSSE COVID-19 Data

Why has Europe seen such an outbreak? Its vaccination rate in many areas remains low, but many of the countries that have seen spikes in cases have vaccination rates that are at least as high as most places in North and South America, and those regions, as you see on the chart, have not had any spikes. The fact that no one is sure is part of the reason there is a sense of unease around the situation. If you're not sure why one area is increasing, then you can't be sure that it won't increase everywhere else at some point soon.

Here is a very interesting way to look at case levels, using "Our World in Data" graphics that segment countries by their income levels.

Daily new confirmed COVID-19 cases per million people

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.



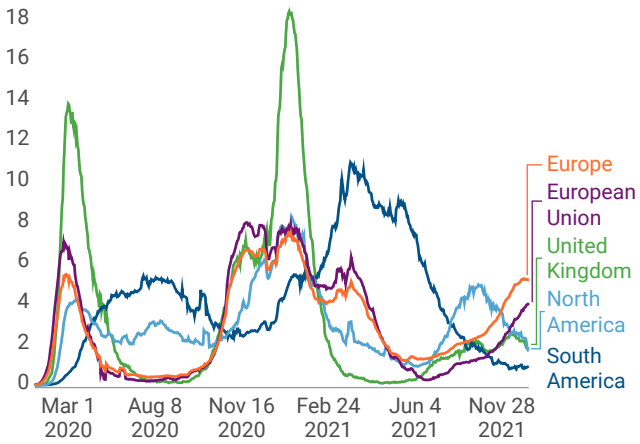
Source: Johns Hopkins University CSSE COVID-19 Data

The surprising result is that COVID cases continue to be heavily concentrated in high-income countries. Perhaps part of this is better reporting, but it is unlikely to be the only factor. What is disheartening about this current peak is that it comes when those high-income countries all have universal access to vaccines. It would have been realistic to expect that this last peak, coming as it has with vaccines widely available, should never have happened. But, once more, we really don't know why high-income countries would be experiencing such a dramatic peak today while most of the rest of the world is not.

The good news is that deaths continue to stay below levels we have seen earlier in the pandemic.

Daily new confirmed COVID-19 deaths per million people

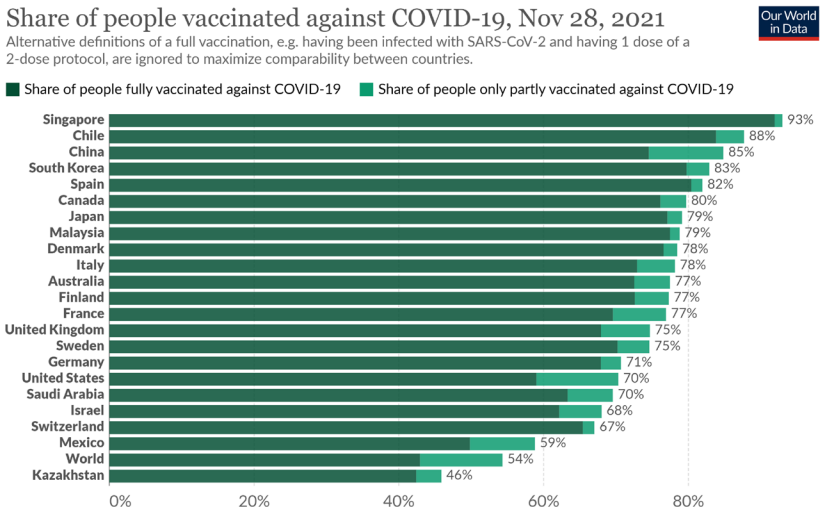
Shown is the rolling 7-day average. Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.



Source: Johns Hopkins University CSSE COVID-19 Data

It is, however, disquieting to see that Europe and EU death rates are increasing again. They remain well below the rates at which deaths occurred relative to cases in prior outbreaks but have clearly moved up.

How are we doing on vaccinations? It's moving in the right direction.



Source: Official data collated by Our World in Data. This data is only available for countries which report the breakdown of doses administered by first and second doses in absolute numbers.
CC BY

More than half the world has now received at least one shot of the vaccine. The number of countries at or over 80% is also encouraging, as that seems to be the minimum level needed to keep cases from increasing rapidly. What remains discouraging are countries like the U.S., Israel or Switzerland, where vaccines are readily available yet large segments of the population refuse to vaccinate and levels struggle to reach 70%. We have seen that unvaccinated populations in the 30% range result in continual outbreaks as the virus infects those unvaccinated and the large reservoir of viral infections reaches even the vaccinated population.

(I know this should not require repeating, but it apparently does. Vaccination does not create complete immunity to the virus. You are not Superman or Superwoman after your second dose. That was never how it was supposed to work. There is still roughly 20% of the vaccinated population that can contract the virus. That doesn't mean the vaccine is ineffective or useless. That is an expected outcome. In addition, as immunity wanes for some vaccinated people, they will also become infected if the virus continues to spread in the community. This is not the fault of the vaccine or of anyone that got vaccinated. This is the fault of the large numbers of people who don't vaccinate and allow the virus unimpeded access to their bodies.)

It is clear that the frustration with the unvaccinated is growing. Austria, which had to lock down as a result of increased cases and a large segment of the population refusing to get vaccinated, is going to make vaccines mandatory. Greece is imposing a monthly fine on anyone over 60 that has not been vaccinated. Germany is imposing restrictions on unvaccinated people and is considering a national vaccine mandate. New York City has said that it will require all workers, public or private, to be vaccinated. Italy and France, which have not experienced the surge in cases seen

elsewhere in Europe, have attributed their success to mandatory vaccination requirements for a range of indoor activities. While these have been met with protests, the governments have not budged on those mandates. Unfortunately, too many other countries have not been willing to require vaccinations or vaccine passes when large segments of the population refuse to vaccinate.

I continue to believe we are finding our way beyond the pandemic. Vaccinations and booster rates will continue to creep up, we will learn to treat and deal with COVID-19 and we will gradually turn the pandemic disease into an endemic disease. I don't see a world where we are going into lockdowns. It will be slower than we might hope, and some countries will remain closed for longer than others, but we are getting there.

Some Random After the Facts

Remember how heated the controversy was over closing schools in order to prevent the spread of COVID-19? Remember the claims that children were more likely to spread the virus because they had higher viral loads in their noses when they got infected? Some countries, notably the U.S., opted for widespread closures, while others opted to keep children in school however possible. Now, real time data is coming out that puts these decisions into perspective. First, a virtual environment damages students. McKinsey, in a July article you can find here, found that remote and hybrid learning in the U.S. slowed learning significantly, and disproportionately. This paragraph sums it up.

> "While all types of students experienced unfinished learning, some groups were disproportionately affected. Students of color and low-income students suffered most. Students in majority-Black schools ended the school year six months behind in both math and reading, while students in majority-white schools ended up just four months behind in math and three months behind in reading. Students in predominantly low-income schools and in urban locations also lost more learning during the pandemic than their peers in high-income rural and suburban schools."

In return for this damage to student learning, what did communities gain? It turns out, very little. Researchers in the UK published an analysis in *Nature* that looked at data from the UK and from the CDC in the U.S. They noted that, while children were as likely to be infected as adults, they were less likely to transmit the virus (so much for higher viral load). They also found that schools that opened with mitigation measures had limited outbreaks both in schools and in their communities. The researchers concluded, "Therefore, although school closures may contribute to reducing transmission, by themselves, they would be inadequate in preventing community transmission and, consequently, the benefits of in-person schooling outweigh the risks…"

This data was clear early in the pandemic. I think I cited some of it in a very early update. Sweden was right—keep the schools open. Listen to the data, not emotional opinions. Fears have created a generation of children who have lost months of learning. Some will never get it back.

Smallpox is believed to have originated around 10,000 BC. It is regarded as one of the most lethal infectious diseases in history, alongside bubonic plague and cholera. Roughly 30% of those infected died and, in children, in the 19th century in London and Berlin, the fatality rate reached over 90%. In the 1790s, Edward Jenner developed what is now regarded as the first vaccine, injecting a child with cowpox. You would think that such a vaccine, given how devastating a disease it prevented, would be welcomed.

It wasn't.

Here are some examples of statements made in the UK and the U.S. when governments made smallpox vaccination mandatory. Stop me if they sound vaguely familiar to comments made today about

COVID-19 vaccines.

- "No other law in England…so fundamentally violates the principles of individual liberty" as the Vaccination Act, said someone in 1902.
- In 1898, a UK parliamentarian proclaimed that the state had no right to tell anybody "what they should do with their bodies or with their children." They claimed mandatory vaccination amounted to a form of bodily "tyranny."
- A leader of the anti-vax movement in the U.S. said that forcing the vaccine on everyone, "is an outrage and a gross interference in land of freedom."
- That same leader accused "slick doctors," imbued with "corporation spirit," of lying about statistics so they could make huge profits.
- In 1920, a pamphlet said compulsory vaccination "violates the principles of democracy and is antagonistic to American ideals."
- Another anti-vax leader declared that the state had no right to make decisions like that for their children: "If I want to take a chance with my child, why is it any of the health authorities' business?"
- The Anti-Vaccination Society of America was founded around 1880, and activists fought compulsory vaccination laws. In 1905, in Jacobson v. Massachusetts, the U.S. Supreme Court ruled that states had the right to make vaccination mandatory during smallpox outbreaks.

The good news is relentless vaccination campaigns resulted in smallpox being officially eradicated, globally, in 1977.

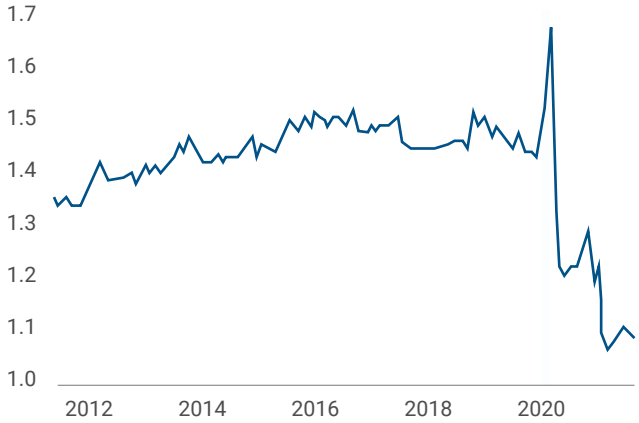
The bad news is that people have opposed vaccines throughout history, causing infectious diseases to spread for longer than they need to spread, and suffering and death to go on for longer than necessary. They have their reasons. They have always been incorrect, but arguing with science or logic will not change minds that are made up. That has never been the answer. Pushing vaccinations despite objections will eventually work and the anti-vax movement against COVID-19 will disappear as has every other anti-vax movement, whether against smallpox, polio, mumps or any infectious disease where vaccinations have won out over that resistance and misinformation.

In 1786, George Horne wrote, "Pertness and ignorance may ask a question in three lines, which it will cost learning and ingenuity thirty pages to answer. When this is done, the same question shall be triumphantly asked again the next year, as if nothing had ever been written upon the subject." Nothing changes, does it? This same idea has, in our era, been called Brandolini's law, also known as the bull?!*t asymmetry principle, an internet adage that emphasizes the difficulty of debunking false, facetious, or otherwise misleading information: "The amount of energy needed to refute bull?!*t is an order of magnitude larger than to produce it."

The Public Markets

If you want to know what's going to happen in the U.S. economy in 2022 and you only had one chart to reference, here it is:

Retailers: Inventories to Sales Ratio



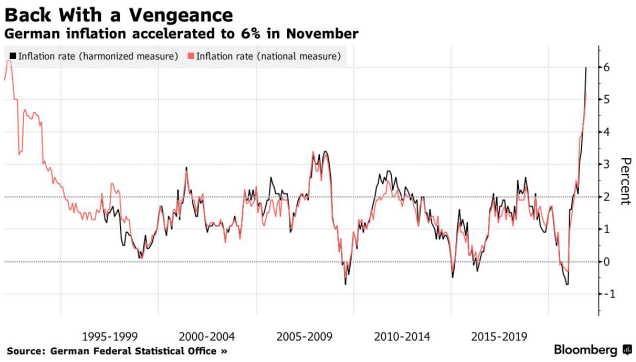
Source: U.S. Census Bureau

This looks at how much inventory there is in retail stores relative to sales. It's at record lows. What does that mean? It means that inventory needs to be restocked and that means that demand is going

to occur in 2022, almost regardless of whether consumers are buying. But, assuming consumers are also buying, that simply adds to the need for more inventory. Look for surprising economic growth. What does that mean for inflation?

That's a trickier question. You've heard me say on these pages that I don't believe inflation will prove to be a big problem as 2022 unfolds. Many, perhaps most others, would beg to differ. This, it seems, is the essential debate of '22.

- German consumer prices hit a 29-year high in November, up 5.2%.



  The German representative on the ECB board seemed sanguine about the numbers, saying, "We assume that inflation will have peaked in November, and that it will gradually decline again in the coming year in the direction of our inflation target of 2%." German politicians were less sanguine.

- UK inflation hit a 10-year high and the Bank of England looks to be the first of the major economies to raise interest rates, although reaction to the Omicron variant might change that timeline.

- In Australia, inflation has trended slightly higher than the band with which the Central Bank is comfortable, but the bank has said rates will not rise before 2024. There is a great deal of skepticism that the bank will be able to hold to that view.

- China's producer price index was up 13.5% in October from the prior year, the highest increase since the mid-90s, when the data was first published.

Why do I remain skeptical that inflation will fuel significant interest rate increases, particularly in the U.S.? The market. Look at this chart of 10-year U.S. Treasuries. This is after the Fed said it will taper more rapidly and that inflation may not be transitory. Wouldn't we expect, if inflation was going to be with us for longer and at higher levels than we anticipated a couple of months ago, that rates would be higher than what we're seeing?

Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity

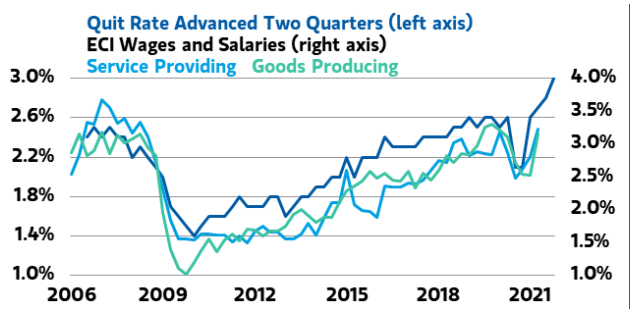
Source: Board of Governors of the Federal Reserve System (U.S.)

I would. The market is saying we're not getting much higher rates and it is hard to imagine that you would have higher inflation without higher rates. The market could be saying we should be more worried about economic weakness, but that also would not indicate we're getting higher inflation. Or, the market is saying rates will go up, but it will be short-lived. I'm not sure which of those scenarios is worse. What's worth noting is that the yield is now as low as it's been at any time prior to the pandemic. That says something about future inflation, doesn't it?

Could it be that we will continue to get a low-inflation, low-interest rate environment for some time to come?

And what picture does this chart from Morgan Stanley tell?

All-Time High Quit Rate Should Not Be Ignored



Note: ECI vs. Employment Cost Index
Source: Bloomberg as of October 14, 2021

The record-high quit rate says something about labor costs and shortages (and how that might impact inflation). But there are two other things I'd note. One is that the pandemic, again, accelerated a trend that was already in place. The quit rate has been trending higher for the last decade. The other observation is that an increasing quit rate (and a quit rate only slightly lower in 2007 than it is today) did not result in higher inflation.

Net Zero

Everyone is racing to say they are net zero. What does that mean? At its core, it means that you have balanced all the carbon dioxide mankind produces by vehicles or energy generation with the removal of that carbon dioxide from the air. Since we don't have a carbon dioxide removal machine available on Earth, one of the key features of achieving net zero is planting more trees or keeping the ones that we have. Everyone is promising to plant more of them, whether it is Jeff Bezos, the UAE or India. And, yes, trees are an important source of transforming carbon dioxide (which we need to reduce) into oxygen (who doesn't like more oxygen?). We all feel good about ourselves getting to net zero by offsetting all that pesky CO2 we produce in the activities we are loathe to give up. Alas, it may not work as well in practice as it does in theory.

Oxfam recently analyzed the amount of land required to plant all the trees needed to meet the net zero pledges. If you only took the pledges from four large oil and gas producers, you require an area roughly half the size of the U.S. and equal to a third of all the farmland in the world. Oxfam further calculated that reaching net zero by 2050 using "land-based carbon removal methods" requires an area five times the size of India and more than all the farmland in the world.

Where will we find all that land?

There's more bad news here. Using trees is not a long-lasting strategy. Trees die or are burned in wildfires. Farmland is harvested. All that stored carbon? It is released as those plants die. It goes right back in the atmosphere. Oxfam estimated that using nature to achieve net zero is a one-time boost that will last a decade or two. It buys some time, but not as much as we might think and the ramp up phase may take too long to achieve the results we hope.

Finally, the idea of planting and preventing deforestation runs into problems with location. Many planting efforts have displaced poorer communities around the world. I've not seen a big movement to move suburban U.S. residents or turn portions of New York or San Francisco into forests. Similarly, stopping deforestation tends to hurt development in poorer countries since wealthier countries long ago deforested their land to make room for cities and people.

None of this is to say that efforts to use nature to reduce CO2 in the atmosphere shouldn't continue. It is to say, however, that achieving net zero will require actually reducing emissions, not just balancing them. Saying we're net zero may make us feel better, but we shouldn't be surprised if, when we get to 2030 or 2050, whenever we have piously said we are getting to that target, we actually feel quite a bit warmer than we do today. Lifestyles will need to change beyond finding a shovel and putting a tree out there somewhere.

The Private Markets

Let's turn to real estate. I am going to include a brilliant piece from my colleague Steve Gruber.

This week's three-part real estate update – Warehouses, Inflation & Malls:

Channeling my inner Liz Smith… Liz Smith?

Because it's from Liz, there are no footnoted sources. Rely on the following information at your own risk.

Warehouses

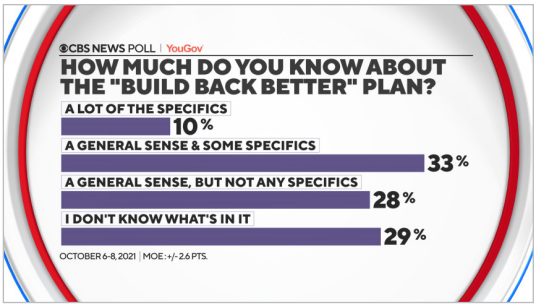
- Did you hear? The warehouse market continues to face demand that's greater than availability. Nationally, demand exceeded new supply in Q3 by 41 mm square feet. Vacancy is 3.6% nationally and rents are up 10% year-over-year to $8.92/sf. More than 600 mm sq. ft. was leased by the end of Q3 and a record ~450mm sq. ft. are under construction. For reference, from 2015-2020 about 200mm sq. ft. of warehouse development in the U.S. was "a good year."
- Did you hear? Despite risks of construction labor and materials coming in higher, almost 100mm sq. ft. of warehouse space is being built in just three markets – Dallas, Atlanta and Phoenix.
- Have you heard about something called "China + 1?" This is a concept where diversity and resiliency of the supply chain is improved by manufacturing in more markets than China. Trouble is, other markets like Vietnam, India, Indonesia and South Africa don't have the incredible deep-skilled workforce, the logistics infrastructure or the industrial ecosystems to make this an easy move.
- Did you hear? Building a new flat-panel TV manufacturing plant is estimated to be more than *$6 billion*? China +1 sounds hard to implement, at least for TVs, when China's market share is forecast to be >60% in 2023.
- [Hamilton Lane sidebar] Investors in warehouse are enjoying incredible returns: Q3 2021 NCREIF NPI reports total unleveraged returns of 10.92% for the quarter, and 32% for the trailing 12 months.

Inflation

Sorry, have you heard about price increases and inflation? I hear the three big expenses in ordinary lives are: Housing, energy and food. A couple thoughts on housing: Did you hear about the last Invitation Homes earnings announcement? INVH is the largest publicly traded owner of single-family rentals in the U.S., and I heard (as of Q3 2021) they had occupancy of 98.1%, new-lease rent growth was 18.4%, and same-store renewal rent growth was 7.8%.

OH – down and out?

Have you been back to a mall yet? Did you see the Q3 report from Simon Properties? They are one of the largest owners of quality shopping malls in the U.S. and Europe and, via Taubman, in Asia too. Simon has mall JVs with some of the open-end real estate funds. They just increased the dividend for a third time this year! What? And their stock (SPG) that was given up for dead during the pandemic has gone from $61 (52-week low) to $148 today. What? Occupancy is back to almost 93%. Really? [Hamilton Lane note: Yes, all true.]



The U.S. House has passed the Build Back Better bill. It is unclear what the Senate will do with the bill. What does the house version contain? My colleague Brent Burnett put together this handy cheat sheet.

- $550+ billion for clean energy and climate. The plan proposes cutting greenhouse gas pollution by over a gigaton in 2030, reducing consumer energy costs, helping to create more clean air and water, and creating hundreds of thousands of jobs. The "Direct Pay" provision that would allow for a refundable tax credit is contained in

this section of the bill and has the support of the Chairmen of the House Ways & Means and Senate Finance Committees.

- $400 billion for childcare and universal preschool. The plan is designed to save most American families more than half of their spending on childcare by providing two years of free preschool for every 3- and 4-year-old in America and additional funding for childcare.
- Family and medical leave. Permanently authorizes the first-ever national paid family and medical leave guarantee for U.S. workers that provides up to four weeks of paid leave.
- $200 billion for Child Tax Credit and Earned Income Credit. The proposal extends the expanded Child Tax Credit for one year and provides additional funds to extend the expanded Earned Income Tax Credit.
- $150 billion for home care. This funding expands home care for older people and those with disabilities.
- $150 billion for housing. The plan invests in affordable housing, including construction and rehabilitation of homes, as well as investments in rental assistance and housing vouchers.
- $40 billion higher education and workforce development. The legislation will increase Pell grants and provide post-high school education opportunities including apprenticeship programs for underserved communities.
- $25 billion for the Small Business Committee. This provides for small business access to credit, investment and markets.
- $90 billion for equity and other investments. Spending in this area will be designed to achieve equity through investments in maternal health, community violence interventions and nutrition according to the White House.
- $5 billion in supply chain investments. These investments will be designed to safeguard our economy and support domestic job growth.
- $10 billion to support child nutrition. This investment will help expand eligibility and eliminate paperwork so more children can receive free school meals.
- State and Local Tax (SALT) deduction relief. Accomplished by increasing and applying the cap over the long-term, allowing states and counties to raise more revenue to deliver essential public services.
- $130 billion in ACA credits. This money will be used to expand affordable healthcare coverage, reduce premiums for more than nine million Americans and deliver healthcare to uninsured people in states that are not enrolled in expanded Medicaid coverage.
- $35 billion Medicare hearing coverage. While dental and vision coverage did not make the cut, Medicare recipients will have coverage for hearing aids and hearing tests. The funding will also cover nursing home transparency and staffing standards, and bolster funding for the Elder Justice Act program.
- Corporate alternative minimum tax. A 15% minimum tax on companies whose financial statements show at least $1 billion in profit—proposed by Senators Elizabeth Warren (D., Mass.), Angus King (I., Maine) and Ron Wyden (D., Ore.)—has been added to the current House version of the Build Back Better legislation to help fund it.
- $100 billion for immigration. This is part of the framework, but also separate since it requires a ruling by the Senate parliamentarian and likely cannot be included in a Reconciliation Budget process under Senate rules. If included, it would constitute an investment to reform the immigration system, reduce backlogs, expand legal representation, and make border processing more efficient and humane.

Conclusion

> "What happens when you date is you run all your best moves and tell all your best stories—and, in a way, that routine is a method for falling in love with yourself over and over."
>
> **— Joni Mitchell**

Here's a news flash. We can go back to any period and people were complaining about everything. They may not have been as bombarded with the complaints the way we are now with social media, but, believe me, go back anywhere in time and it's not as though we went from utopia to where we are now. In fact, there's never been a better time to be alive. Human evolution has generally been in a positive direction and today is generally a much better time to live than any point in yesterday. It's true across so many areas. We are doing better with lifting people out of poverty, medical care, scientific advances, hygiene, information, you name it. Yes, we have tons of problems, but I assure you that going back in time is not going to solve a single one of them. You would be unhappy dropped in any point in the past.

So, why all the complaining? Part of it is we like to do that, it's just our nature. The other part is that what has also evolved, perhaps not in such a good way, is our selfishness. We care more about ourselves at everyone else's expense. This rampant selfishness is well hidden. It's couched in terms of we know better, or we need more, or we deserve more, or someone else doesn't, or however we phrase it, but we are evolving into losing our capacity to care very much for those around us. We further camouflage some of that by retreating to our tribes, the people who think like us, talk like us, behave like us. That's pretty selfish. I will surround myself with people like me and not care a whole lot about people not like me. Why would I? They're not like me and I really care most about me. These are not particularly good developments, at least for as long as we remain social beings.

My advice for this update? Do something for someone other than yourself. But here's the rub. We do a lot of things that we find virtuous. We do it because it makes us feel really good about ourselves. We generally make sure people know we're doing it. Otherwise, why do it? We probably feel better about ourselves than the people we say we're helping feel good about receiving it. Don't stop being virtuous but try this: Do something that will make someone else happy that doesn't necessarily make you all that happy. It's not about you, it's about someone else. Not so easy, is it? Doesn't feel quite as great, does it? It may not for you, but it will for someone else. Go ahead, give it a go. Spend a half hour talking to someone knowing you'd rather do anything else simply because that person needs it. Give anonymously. Let that person cut in line ahead of you. Give someone you don't know a random smile or wave. Take a moment to consider the universe might not revolve around you. (Relax, that feeling of discomfort will eventually subside.)

Oh, one other thing: Eliminate one complaint a day. Just one to start.

We need to take small steps to curb this selfishness pandemic that will overwhelm us all if we're not careful.