



What's the Electoral College and What's at Stake?

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The 2020 election is shaping up to be one of the most important elections of our lifetime.

The ongoing COVID-19 pandemic and its economic impact, civil unrest and the growing civic divide are all coinciding with this pivotal election. Moreover, not only is the presidency hotly contested, but it also looks increasingly likely that the control of the Senate is in play as well.

As in every presidential election, the Electoral College and not the popular vote will determine the presidency. There are 538 electoral votes allocated to each state according to its number of U.S. senators and representatives. As a result, larger states have a greater impact on the election than smaller ones. Forty-eight states give their electoral votes to the winner of the popular vote within their state. Both Maine and Nebraska have a hybrid model, which allows their electoral votes to be split. Currently, the Electoral College requires 270 electoral votes to win the White House.

The Electoral College is important because it only takes a few mid-size states to shift the outcome. Interestingly, in our country's history, there have only been five presidential elections in which the winning candidate lost the popular vote but still won the election. Two of these episodes occurred in the last twenty years alone. (Please refer to our earlier articles profiling prior elections, including the 1876 presidential election that is still considered to be one of the country's most contentious elections causing some pundits to draw parallels with the 2020 campaign.)

Most recently, Hillary Clinton won the popular vote in 2016, but Donald Trump won the electoral vote count.

President Trump won three states (Pennsylvania, Michigan, and Wisconsin, each of which had more than 10 electoral votes) by less than 1%. The 2020 election outcome could come down to another small number of battleground states with 10-20 electoral votes, such as Arizona, Ohio, Georgia, and the three states from 2016.

While polling is not an exact science, it can give us insights into which states will be the most important in November. A sampling of polling currently shows Vice President Biden leading President Trump by 4 to 10 percentage points.¹ However, as seen in 2016, one must look at the Electoral College map. Here, polling data shows around 100 votes up for grabs and another 100 that may be in play.²

The contests in the U.S. Senate and House of Representatives are also of importance in that these results, along with the presidential outcome, could give one party control of the two lawmaking branches of the government. That is key because it is easier to pass large-scale and influential legislation when control resides within a single party. For example, the Patient Protection and Affordable Care Act was passed in 2010 by a Congress with a majority of Democrats and signed into law by President Obama, also a Democrat. No Republicans in the House or Senate voted for passage.³ In 2017, a Republican-majority Congress passed the Tax Cuts and Jobs Act, and President Trump signed it into law. No Democrats in the House or Senate voted for passage.⁴

The current makeup of the U.S. Senate is 53 Republicans, 45 Democrats, and two Independents who caucus with the Democrats. In order to gain control of the Senate, Democrats would need a net gain of three seats if Biden wins the presidency or four seats if Trump wins.

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(The vice president is president of the Senate and only votes in cases of a tie.) Of the 35 seats that are up for reelection, 23 are held by Republicans: Republicans would need to win 21 of them to retain a majority. According to consensus polling analysis by the nonpartisan website 270towin.com, there are six Senate seats deemed to be toss-ups.⁵ All six of those seats are held by Republican senators, and GOP losses in three or four of those seats could be enough to flip the Senate.

The House of Representatives is currently controlled by the Democratic Party with 232 seats. A total of 218 seats are required for a majority, which means that Republicans would need a net gain of 20 seats to retake the majority. The minority party is unlikely to pull off a gain that large unless their presidential candidate has a resounding victory, such as the one President Obama had in 2008. More than likely control will stay the same.

Ultimately, the results of both the Electoral College and the U.S. Senate races could determine whether major changes to tax and social policies lay ahead. If one party sweeps both the presidency and Congress, large-scale changes are possible. If a split occurs, however, it's more reasonable to expect minor changes.

In either instance, as we have stated previously, a great deal is unknown, and thus we urge investors not to make significant changes to their portfolios at this time. Furthermore, we remind clients that asset allocation strategies are designed to withstand short-term gyrations

such as those we may experience in the weeks (and possibly months) ahead.

Importantly, by adhering to one's asset allocation strategy, which was most likely designed during a period of relative calm, investors have the highest probability of achieving their long-term goals. Deviating from a carefully crafted strategy, on the other hand, can lead to deleterious results.

For more information, [please contact your Red Key Private Bank Advisor.](#)

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Page 2 of 2

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1. 2020 Presidential Election Polls, 9/13/2020, <https://www.cnn.com/election/2020/presidential-polls>

2. 2020 Presidential Election Interactive Map, 9/9/2020, <https://www.270towin.com/maps/consensus-2020-electoral-map-forecast>; Road to 270, 9/14/2020, <https://www.cnn.com/election/2020/electoral-college-interactive-maps>

3. Roll Call Vote 111th Congress 1st Session, 12/24/2009, https://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=111&session=1&vote=00396; Final Vote Results for Roll Call 165, 3/21/2010, <http://clerk.house.gov/evs/2010/roll165.xml>

4. Roll Call Vote 115th Congress – 1st Session, 12/20/2017, https://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=115&session=1&vote=00323, Final Vote Results for Roll Call 699, 12/20/2017, <http://clerk.house.gov/evs/2017/roll699.xml>

5. 2020 Senate Election Interactive Map, 8/31/2020, <https://www.270towin.com/2020-senate-election/consensus-2020-senate-forecast>

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