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## **Capital Snapshot: A Monthly Overview of the Issues, Events, Timelines, and Polling Data Driving Federal Policy Decisions**

**June 2023**

# This Month's Capital Snapshot Deck Includes

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- An overview of the upcoming congressional schedule, including key dates in June
- An outlook on the state of play for the 2024 elections
- An update on developments, outlook, and priorities for key policy and legislative areas
- A look at current trends and factors that could impact the 2023 political and legislative landscape

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# Congressional Schedule for June 2023

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# 2023 House Calendar

- There are 12 legislative days scheduled in the House for June.
- The House will be on recess during the week of June 26, which is the first week of the two-week 4<sup>th</sup> of July recess.
- There are 60 legislative days left in the House in 2023.



# 2023 Senate Calendar

- There are 13 legislative days scheduled in the Senate for remainder of June.
- The Senate will be on recess during the week of June 26, which is the first week of the two-week 4<sup>th</sup> of July recess.
- There are 87 legislative days left in the Senate in 2023.

**DICK DURBIN**  
*Majority Whip*

**JOHN THUNE**  
*Republican Whip*

**UNITED STATES SENATE**  
*118th Congress, 1st Session*  
**2023**

**TENTATIVE SCHEDULE**

| JANUARY  |    |    |    |    |    |    | FEBRUARY |    |    |    |    |    |    | MARCH     |    |    |    |    |    |    |
|--|----|----|----|----|----|----|----------|----|----|----|----|----|----|-----------|----|----|----|----|----|----|
| S  | M  | T  | W  | T  | F  | S  | S        | M  | T  | W  | T  | F  | S  | S         | M  | T  | W  | T  | F  | S  |
| 1  | 2  | 3  | 4  | 5  | 6  | 7  |          |    | 1  | 2  | 3  | 4  |    |           | 1  | 2  | 3  | 4  |    |    |
| 8  | 9  | 10 | 11 | 12 | 13 | 14 | 5        | 6  | 7  | 8  | 9  | 10 | 11 | 5         | 6  | 7  | 8  | 9  | 10 | 11 |
| 15   | 16 | 17 | 18 | 19 | 20 | 21 | 12       | 13 | 14 | 15 | 16 | 17 | 18 | 12        | 13 | 14 | 15 | 16 | 17 | 18 |
| 22   | 23 | 24 | 25 | 26 | 27 | 28 | 19       | 20 | 21 | 22 | 23 | 24 | 25 | 19        | 20 | 21 | 22 | 23 | 24 | 25 |
| 29   | 30 | 31 | 26 | 27 | 28 | 26 | 27       | 28 | 29 | 30 | 31 |    |    |           |    |    |    |    |    |    |
| <small>SENATE CONVENES JANUARY 3, 2023</small> |    |    |    |    |    |    |          |    |    |    |    |    |    |           |    |    |    |    |    |    |
| APRIL  |    |    |    |    |    |    | MAY      |    |    |    |    |    |    | JUNE      |    |    |    |    |    |    |
|  |    |    |    |    |    | 1  | 1        | 2  | 3  | 4  | 5  | 6  |    |           | 1  | 2  | 3  |    |    |    |
| 2  | 3  | 4  | 5  | 6  | 7  | 8  | 7        | 8  | 9  | 10 | 11 | 12 | 13 | 4         | 5  | 6  | 7  | 8  | 9  | 10 |
| 9  | 10 | 11 | 12 | 13 | 14 | 15 | 14       | 15 | 16 | 17 | 18 | 19 | 20 | 11        | 12 | 13 | 14 | 15 | 16 | 17 |
| 16   | 17 | 18 | 19 | 20 | 21 | 22 | 21       | 22 | 23 | 24 | 25 | 26 | 27 | 18        | 19 | 20 | 21 | 22 | 23 | 24 |
| 23   | 24 | 25 | 26 | 27 | 28 | 29 | 28       | 29 | 30 | 31 | 25 | 26 | 27 | 28        | 29 | 30 |    |    |    |    |
| 30   |    |    |    |    |    |    |          |    |    |    |    |    |    |           |    |    |    |    |    |    |
| JULY   |    |    |    |    |    |    | AUGUST   |    |    |    |    |    |    | SEPTEMBER |    |    |    |    |    |    |
|  |    |    |    |    |    | 1  |          |    | 1  | 2  | 3  | 4  | 5  |           |    |    |    | 1  | 2  |    |
| 2  | 3  | 4  | 5  | 6  | 7  | 8  | 6        | 7  | 8  | 9  | 10 | 11 | 12 | 3         | 4  | 5  | 6  | 7  | 8  | 9  |
| 9  | 10 | 11 | 12 | 13 | 14 | 15 | 13       | 14 | 15 | 16 | 17 | 18 | 19 | 10        | 11 | 12 | 13 | 14 | 15 | 16 |
| 16   | 17 | 18 | 19 | 20 | 21 | 22 | 20       | 21 | 22 | 23 | 24 | 25 | 26 | 17        | 18 | 19 | 20 | 21 | 22 | 23 |
| 23   | 24 | 25 | 26 | 27 | 28 | 29 | 27       | 28 | 29 | 30 | 31 | 24 | 25 | 26        | 27 | 28 | 29 | 30 |    |    |
| 30   | 31 |    |    |    |    |    |          |    |    |    |    |    |    |           |    |    |    |    |    |    |
| OCTOBER  |    |    |    |    |    |    | NOVEMBER |    |    |    |    |    |    | DECEMBER  |    |    |    |    |    |    |
| 1  | 2  | 3  | 4  | 5  | 6  | 7  |          |    | 1  | 2  | 3  | 4  |    |           |    |    | 1  | 2  |    |    |
| 8  | 9  | 10 | 11 | 12 | 13 | 14 | 5        | 6  | 7  | 8  | 9  | 10 | 11 | 3         | 4  | 5  | 6  | 7  | 8  | 9  |
| 15   | 16 | 17 | 18 | 19 | 20 | 21 | 12       | 13 | 14 | 15 | 16 | 17 | 18 | 10        | 11 | 12 | 13 | 14 | 15 | 16 |
| 22   | 23 | 24 | 25 | 26 | 27 | 28 | 19       | 20 | 21 | 22 | 23 | 24 | 25 | 17        | 18 | 19 | 20 | 21 | 22 | 23 |
| 29   | 30 | 31 | 26 | 27 | 28 | 29 | 30       | 24 | 25 | 26 | 27 | 28 | 29 | 30        | 31 |    |    |    |    |    |

Red dates = Senate not in session

1ST SESSION CONVENES—JANUARY 3, 2023  
TARGET ADJOURNMENT—DECEMBER 15, 2023

GPO: 2022-49-898(100)

# Congressional Schedule – June 2023

The Senate passes the *Fiscal Responsibility Act of 2023* ([H.R. 3746](#)) by a vote of [63-36](#).

The House Appropriations Committee is expected to mark up all 12 FY 2024 appropriations bills

The Senate Appropriations Committee is expected to mark up all 12 FY 2023 appropriations bills



House Education and the Workforce Committee markup: June 6  
House Ways & Means Committee health legislation markup: June 7

The House Energy & Commerce Committee is expected to hold a legislative hearing on PAHPA reauthorization

Both the House and the Senate are on recess

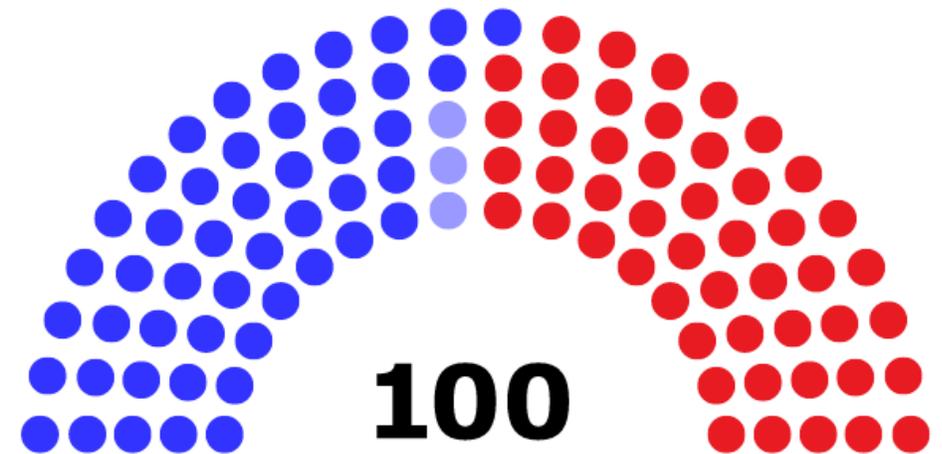
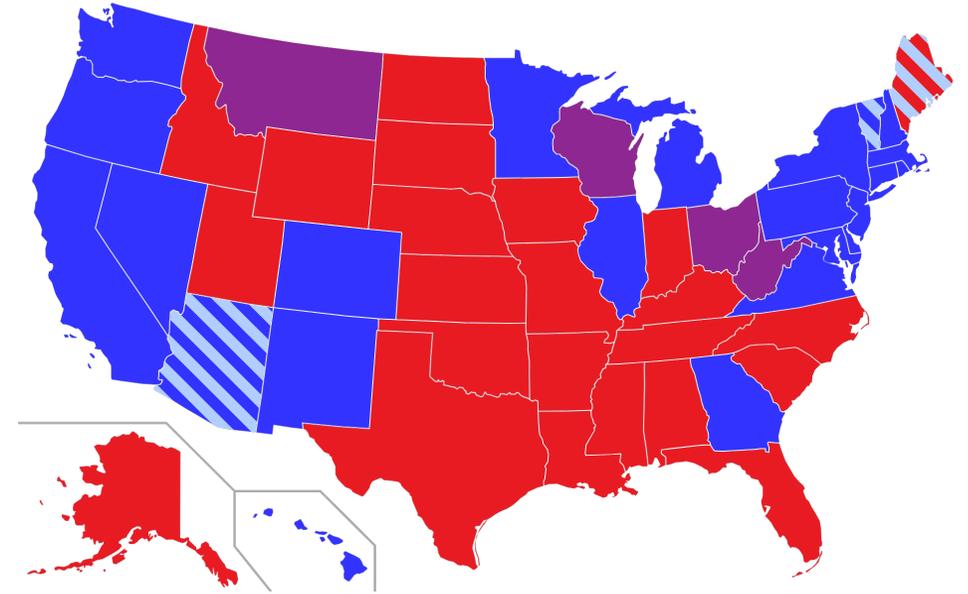
# State of Play of the 2024 Elections

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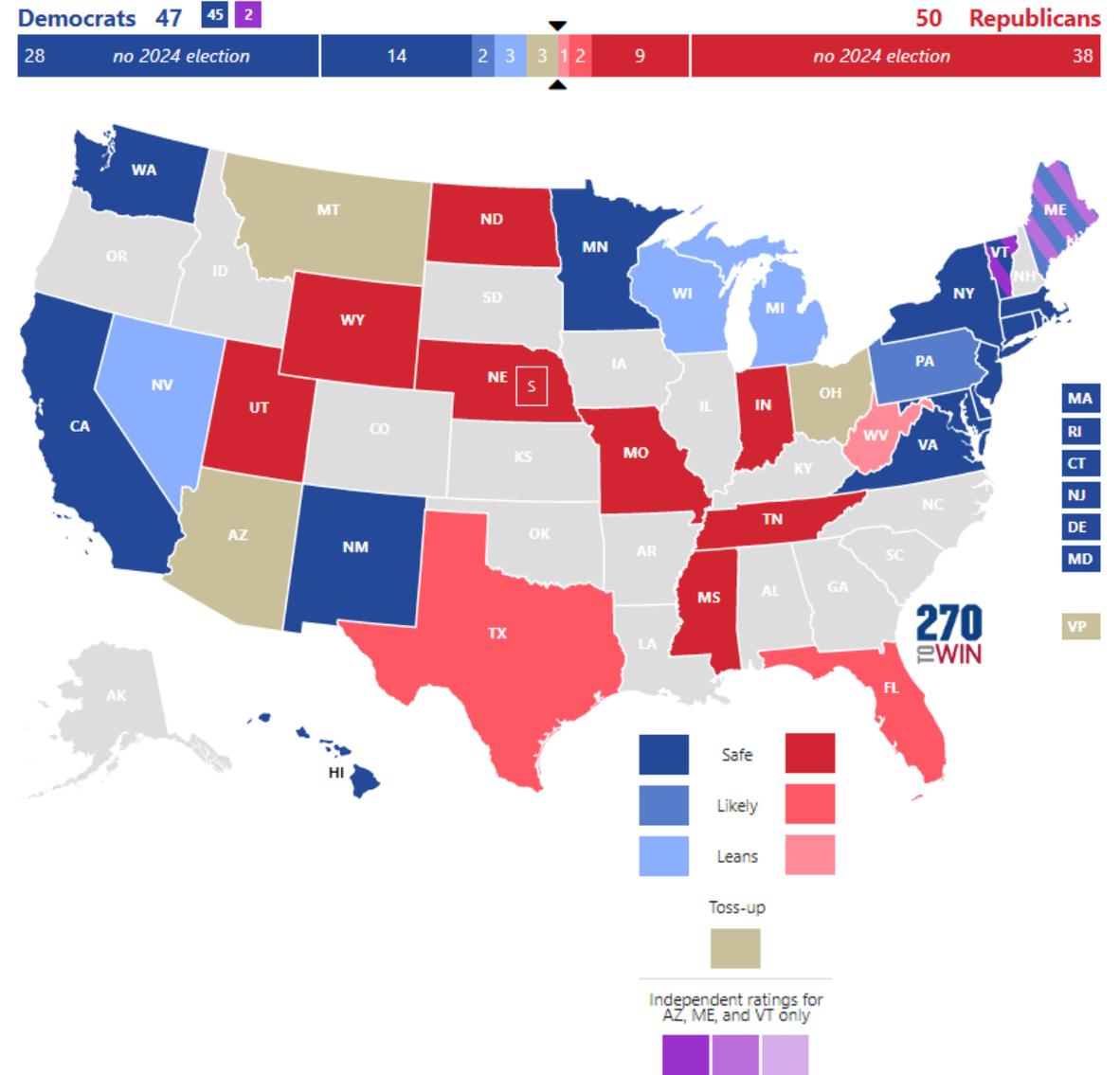
# Current Senate – 118<sup>th</sup> Congress

- Democrats have a 51-49 majority; their majority includes three independent Senators who caucus with the Democrats.
  - Every incumbent Senator who ran for re-election in the 2022 midterms won their race – this is the first time this has occurred in decades.
- Vice President Kamala Harris, who also serves as the Senate President, can cast a tie-breaking vote if the final vote on any legislation or nominee is tied at 50-50.
- Senator Patty Murray (D-WA) is the President Pro Tempore of the Senate. She is the first female President Pro Tem in history.



# Senate 2024 Outlook

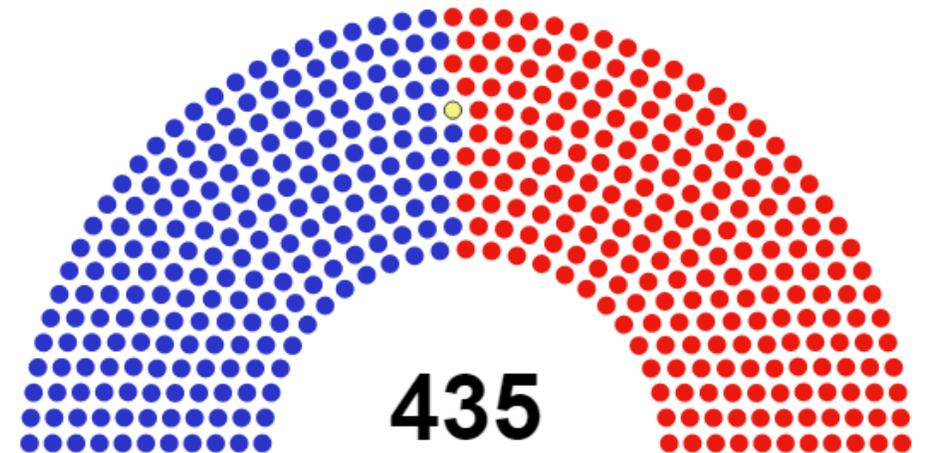
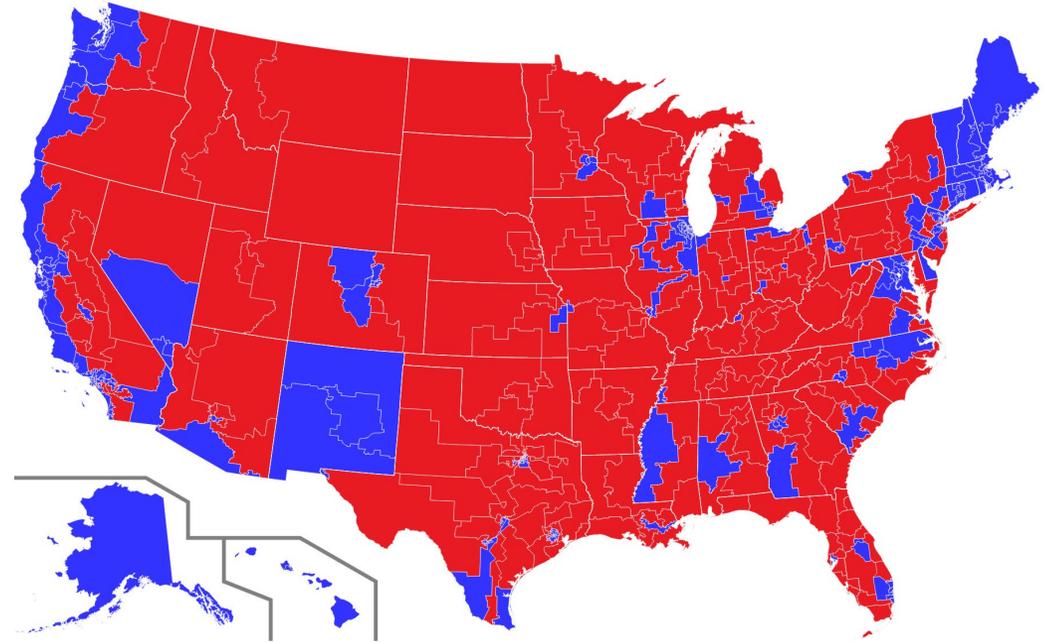
- Democrats have a narrow majority and a difficult Senate map for 2024.
- Three Democratic incumbents are from states which former President Trump won in both 2016 and 2020 (Montana, Ohio, and West Virginia).
- Democrats will also be defending seats in other competitive states such as Arizona, Nevada, Michigan, Pennsylvania, and Wisconsin.
- Republicans hold 38 seats that are not up for election in 2024; nine seats are “Safe R,” two seats are “Likely R,” and one seat “Leans R.”
  - If Republicans win the presidency in 2024, then 50 seats will be enough for a majority.
  - If Democrats retain the presidency in 2024, then Republicans will need 51 seats for a majority.
- While the contest for control of the Senate will be very competitive, due to an advantageous map, Republicans are slightly favored to win back the chamber in 2024.



Sources: UVA Center for Politics, Sabato’s Crystal Ball; 270 To Win

# Current House – 118<sup>th</sup> Congress

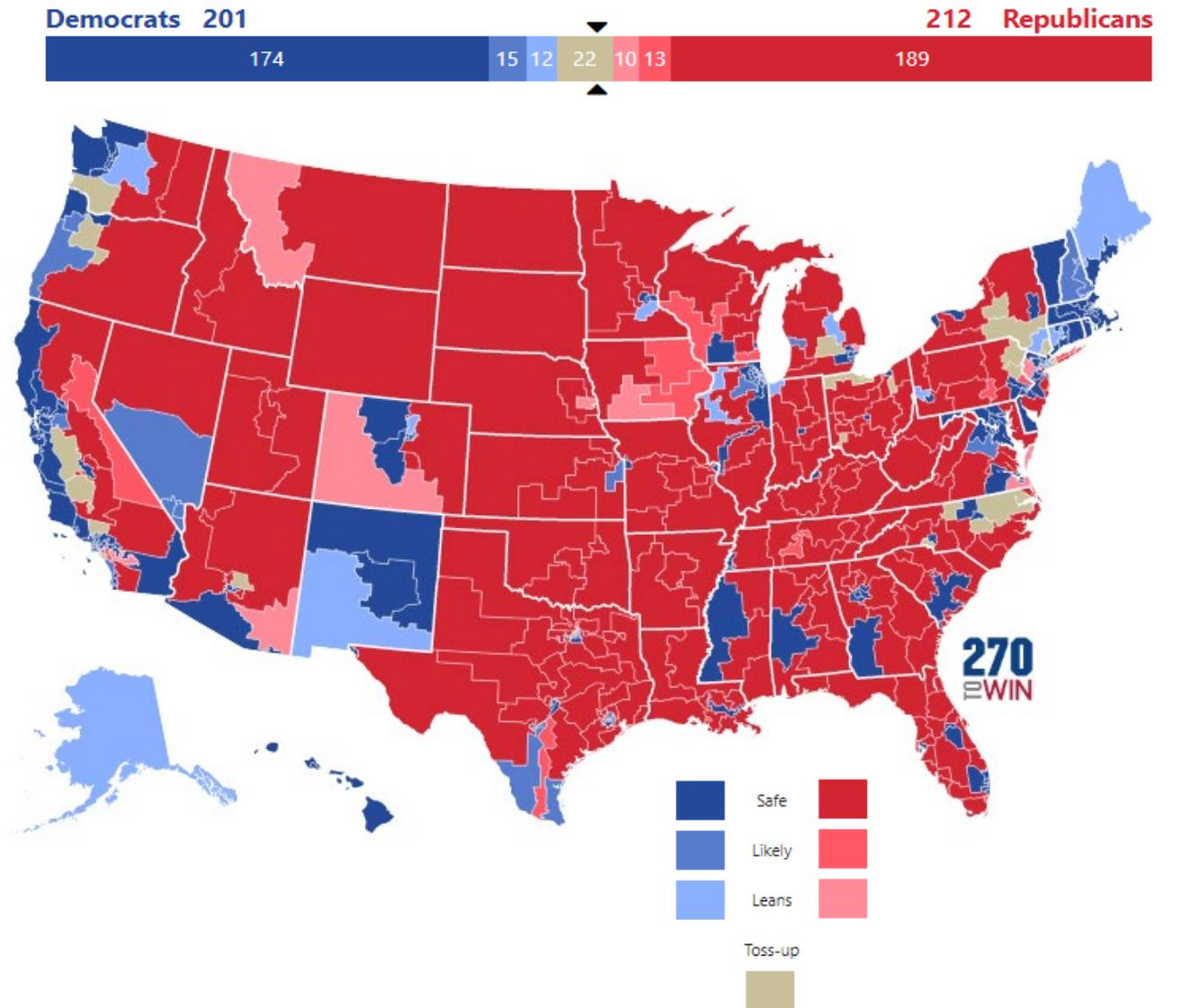
- Republicans hold a five-seat majority (222-212) in the House.
- The 2022 Republican midterm victory is an exact mirror image of the Democrats' 222-213 victory in the 2020 election.
- On June 1, Congressman David Cicilline (D-RI) [resigned](#) from Congress to become the President and CEO of the Rhode Island Foundation. He first [announced](#) his resignation in February.
  - A special election to elect Rep. Cicilline's replacement will take place on November 7, 2023.
- On May 31, Congressman Chris Stewart (R-UT) [announced](#) he intends to resign from Congress to focus on taking care of his wife, who has serious health issues. A specific date for his resignation has not been determined yet.



Source: Parliament Diagram Tool

# House 2024 Outlook

- Republicans currently have a small majority of 222-212. 218 is needed for a majority.
- Although it is early, for the 2024 elections, 189 seats are currently projected as “Safe R,” while 212 seats are rated as Safe, Likely, or Leans R.
- On the other hand, for 2024, 174 seats are rated as “Safe D,” while 201 seats are rated as Safe, Likely, or Leans D.



Sources: UVA Center for Politics, Sabato’s Crystal Ball; 270 To Win

# House 2024 Outlook (Toss-up, Leans, and Likely Seats)

| Democrats                   |                       |                           |
|-----------------------------|-----------------------|---------------------------|
| TOSS-UP (12)                | LEANS DEMOCRATIC (12) | LIKELY DEMOCRATIC (15)    |
| CA-47 Open (Porter)         | Mary Peltola (AK-AL)  | Josh Harder (CA-9)        |
| MI-7 Open (Slotkin)         | Yadira Caraveo (CO-8) | Mike Levin (CA-49)        |
| Don Davis (NC-1)            | Jahana Hayes (CT-5)   | Lauren Underwood (IL-14)  |
| Jeff Jackson (NC-14)        | Frank Mrvan (IN-1)    | Sharice Davids (KS-3)     |
| Kathy Manning (NC-6)        | Eric Sorensen (IL-17) | Hillary Scholten (MI-3)   |
| Wiley Nickel (NC-13)        | Jared Golden (ME-2)   | Annie Kuster (NH-2)       |
| Marcy Kaptur (OH-9)         | Dan Kildee (MI-8)     | Chris Pappas (NH-1)       |
| Greg Landsman (OH-1)        | Angie Craig (MN-2)    | Susie Lee (NV-3)          |
| Emilia Sykes (OH-13)        | Gabe Vasquez (NM-2)   | Steven Horsford (NV-4)    |
| Matt Cartwright (PA-8)      | Pat Ryan (NY-18)      | Dina Titus (NV-1)         |
| Susan Wild (PA-7)           | Chris Deluzio (PA-17) | Val Hoyle (OR-4)          |
| M. Gluesenkamp Perez (WA-3) | Kim Schrier (WA-8)    | Andrea Salinas (OR-6)     |
|                             |                       | Henry Cuellar (TX-28)     |
|                             |                       | Vicente Gonzalez (TX-34)  |
|                             |                       | Abigail Spanberger (VA-7) |

**Total seats rated Safe Democratic: 174**  
**Total seats rated Safe, Likely, or Leans D: 201**

| Republicans               |                        |                              |
|---------------------------|------------------------|------------------------------|
| TOSS-UP (10)              | LEANS REPUBLICAN (10)  | LIKELY REPUBLICAN (13)       |
| David Schweikert (AZ-1)   | Juan Ciscomani (AZ-6)  | Kevin Kiley (CA-3)           |
| John Duarte (CA-13)       | Ken Calvert (CA-41)    | Young Kim (CA-40)            |
| Mike Garcia (CA-27)       | Michelle Steel (CA-45) | Anna Paulina Luna (FL-13)    |
| David Valadao (CA-22)     | Lauren Boebert (CO-3)  | María Elvira Salazar (FL-27) |
| Anthony D'Esposito (NY-4) | Zach Nunn (IA-3)       | Ashley Hinson (IA-2)         |
| Mike Lawler (NY-17)       | John James (MI-10)     | M. Miller-Meeks (IA-1)       |
| Marc Molinaro (NY-19)     | Ryan Zinke (MT-1)      | Nick LaLota (NY-1)           |
| George Santos (NY-3)      | Don Bacon (NE-2)       | Brian Fitzpatrick (PA-1)     |
| Brandon Williams (NY-22)  | Tom Kean Jr. (NJ-7)    | Scott Perry (PA-10)          |
| L. Chavez-DeRemer (OR-5)  | Jen Kiggans (VA-2)     | Andy Ogles (TN-5)            |
|                           |                        | Monica De La Cruz (TX-15)    |
|                           |                        | Bryan Steil (WI-1)           |
|                           |                        | Derrick Van Orden (WI-3)     |

**Total seats rated Safe Republican: 189**  
**Total seats rated Safe, Likely, or Leans R: 212**

# President Joe Biden Announces His Re-election Bid

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- On April 25, President Joe Biden (D-DE) officially [launched](#) his re-election campaign to seek a second term in the 2024 presidential election. Vice President Kamala Harris (D-CA) is expected to be his running mate once again.
- Two other candidates have announced they are running in the 2024 Democratic presidential primary: Robert F. Kennedy, Jr. and Marianne Williamson, who ran for the Democratic nomination in 2020.
- President Biden will very likely be the 2024 Democratic nominee for President, as incumbent presidents rarely face a contested primary and have not faced one since then-President Gerald Ford did in 1976.



Incumbent President Joe Biden

# 2024 Republican Presidential Primary

- Below are the Republican candidates who have already announced their presidential bids.
  - Former Vice President Mike Pence and former New Jersey Governor Chris Christie reportedly will formally launch their presidential campaigns next week.



Former President  
Donald Trump



Florida Governor  
Ron DeSantis



Former Arkansas Governor  
Asa Hutchinson



Former UN Ambassador  
Nikki Haley



Senator  
Tim Scott



Former Vice President  
Mike Pence



Former New Jersey Governor  
Chris Christie



Vivek Ramaswamy

# 2023 Off-Year Elections

- A special election to elect newly-retired Rep. David Cicilline's (D-RI) replacement will take place on November 7, 2023.
- There could be a special election later this year to elect the successor to retiring Rep. Chris Stewart's (R-UT) seat.
  - Rep. Stewart has not announced his exact retirement date yet.
  - Governor Spencer Cox has seven days to lay out an election schedule to replace Rep. Stewart. The primary election must take place at least 90 days after the vacancy begins, and the special general election must be at least 90 more days after the primary.
  - There is a chance that the primary election for this seat could be in November 2023, and then the special election could coincide with the state's March 5, 2024 presidential primary.
- There will be three gubernatorial elections on November 7, 2023:
  - Kentucky (Democratic incumbent)
  - Mississippi (Republican incumbent)
  - Louisiana (term-limited Democratic incumbent)
- Louisiana, Mississippi, New Jersey, and Virginia will hold statehouse elections later this year, too.



# Legislative and Policy Updates and Overviews

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# Debt Ceiling Compromise Deal Reached

- On May 27, President Joe Biden and Speaker of the House Kevin McCarthy (R-CA) reached an agreement to raise the debt limit for two years and lower federal spending via a number of new requirements and cuts. This agreement is reflected legislatively as the *Fiscal Responsibility Act* ([H.R. 3746](#)). The compromise bill:
  - Suspends the debt ceiling through January 1, 2025.
  - Establishes caps on discretionary spending from Fiscal Years (FY) 2024 through 2025. Sets a FY 2024 defense limit of \$868.349 billion (3.5% increase) and non-defense limit of \$703.651 billion (roughly flat from FY 2023). Spending limits grow by 1% in FY 2025.
  - Requires that if all 12 appropriations bills are not enacted by January 1 of the following year, discretionary spending will temporarily operate at a maximum of 99% of current levels.
  - Rescinds roughly \$28 billion in funds made available in various COVID-19 relief and stimulus packages.
  - Rescinds \$1.4 billion in funding provided for the Internal Revenue Service (IRS) in the *Inflation Reduction Act*; a handshake deal redirects a further \$20 billion in IRS funding, half in FY 2024 and half in FY 2025.
  - Prohibits the Biden Administration from further extending the pandemic student loan payment pause.
  - Extends time limits and work requirements for the Supplemental Nutrition Assistance Program (SNAP) for able-bodied individuals aged 50-54. Previously, these requirements applied to those aged 18-49.
    - However, the bill includes new exemptions from SNAP time limits and work requirements for the homeless, veterans, and individuals aging out of foster care.



President Biden and Speaker McCarthy

# Debt Ceiling Compromise Deal Reached

- On May 30, the Congressional Budget Office (CBO) [published](#) its budgetary analysis of H.R. 3746, predicting it will reduce the federal deficit by \$1.5 trillion dollars over ten years.
- Soon after the deal was announced between President Biden and Speaker McCarthy, on May 31, the House passed the *Fiscal Responsibility Act* by a final vote tally of [314-117](#).
  - 149 Republicans voted in favor of the bill, while 71 Republicans voted against the package.
  - 165 Democrats voted in favor of the bill, while 46 Democrats voted against the legislation.
  - Democratic votes were needed to pass the rule allowing the House vote to proceed, which may have ramifications for future legislative activity.
- The House passed this legislation just five days before the U.S. government is expected to default on its debt by June 5 if the debt ceiling is not raised by that date, [according to](#) Treasury Secretary Janet Yellen.
- Following [10 amendment votes](#), the Senate passed the compromise legislation by a vote of [63-36](#) late in the evening on June 1. President Biden is expected to quickly sign the legislation into law.



Treasury Secretary  
Janet Yellen

# FY 2024 Appropriations

- The Senate Appropriations Committee released the finalized [list](#) of community project funding (CPF) requests from 66 Senators for the FY 2024 appropriations process.
- Of the nearly 70% of senators who participated in this year's process, 16 Republicans submitted CPF requests.
  - Members like Sens. Katie Britt (R-AL), Deb Fischer (R-NE), John Kennedy (R-LA), Markwayne Mullin (R-OK), and Tommy Tuberville (R-AL) are newcomers to this year's process.
  - Freshman Senators including Sens. Ted Budd (R-NC), Eric Schmitt (R-MO), and JD Vance (R-OH) did not submit requests this year.
  - Two Democrats, Sens. Maggie Hassan (D-NH) and Jon Tester (D-MT), did not participate in the process.
- Senators requested \$53.3 billion in requested projects, with several senators from the same state requesting the same project in multiple bills.



# FY 2024 Appropriations

- In May, a third of the House Appropriations Subcommittees approved four FY 2024 appropriations bills:
  - *Agriculture, Rural Development, Food and Drug Administration (Agriculture)* - \$25.3 billion, a \$532 million **decrease** from the FY 2023 enacted levels.
  - *Homeland Security* - \$91.5 billion, \$2.1 billion **increase** from the FY 2023 funding levels.
  - *Legislative Branch (Leg Branch)* - \$5.3 billion, a \$252 million **decrease** from the FY 2023 funding levels.
  - *Military Construction, Veterans Affairs, and Related Agencies (MilConVA)* - \$338 billion, nearly \$18 billion **above** the FY 2023 funding levels.



# FY 2024 Appropriations

- In the early hours of May 23, House Appropriations Chairwoman Kay Granger announced the postponement of the full committee markup of four of the twelve FY 2024 appropriations bills, which included:
  - *Agriculture*
  - *Homeland Security*
  - *Legislative Branch*
  - *MilConVA*
- The postponement occurred to allow the Speaker “maximum flexibility” as debt limit negotiations continued.
- The chairwoman did not clarify timing for these markups, only stating they would happen “at a later date.”
- Both chambers are expected to move forward in marking up all FY 2024 appropriations bills in June.



House Appropriations Committee Ranking Member Rosa DeLauro (D-CT) and Chairwoman Kay Granger (R-TX)

# FY 2024 National Defense Authorization Act (NDAA) Process

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**Background:** The NDAA is the annual defense legislation that sets the budget and priorities of the Department of Defense (DoD). The bill has passed every year for over six decades and is considered by many to be the sole “must-pass” bill in Congress, leading to a bipartisan, bicameral process to ensure passage.

**Update:** Debt limit negotiations have delayed the FY 2024 NDAA process, with Republicans tabling NDAA markups until the deal is done. The debt limit deal, passed by the House on May 31, caps national defense spending at Biden’s FY 2024 request of \$886 billion, a 3.2% increase. Military funding would go up by 1% in FY 2025 for a total of \$895 billion, flattening the DoD budget for the next two years. Defense hawks, as a result, criticize these caps as inadequately low, especially with inflation. Some of these critics still voted for the deal in the House and have stated publicly they will attempt go back to negotiations and figure out what to cut to stay within these new fiscal parameters.

**Timeline:** HASC and SASC have yet to release adjusted schedules for committee markups following the debt limit delay. We are hearing that HASC committee markup will take place **June 13-15**. We expect SASC to follow suit with committee markups in **late June or early July** and floor activity in **July** for the House and the Senate. Ideally, the two sides will conference the bill in August and September, setting up final negotiations and passage in the fall.



# Tax Update

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- Ways and Means Republicans released their legislative response to the Pillar Two global minimum tax ahead of a now-rescheduled trip to the French government, the German government, and the OECD.
  - The legislation applies a 5% tax on the U.S. income of firms headquartered in jurisdictions that impose “extraterritorial” or “discriminatory” taxes on U.S. firms. The tax compounds annually, capped at 20% until the offending tax is repealed.
- Republicans are narrowing their package of Tax Cuts and Jobs Act (TCJA)-era economic incentives. The package will include full expensing for R&D costs, bonus depreciation, Sec. 163(j) business interest limitations, among other measures. It is unclear whether the Pillar Two response legislation will be included.
- Notably, the bill will not include Rep. Vern Buchanan’s (R-FL) legislation to extend TCJA personal and business deductions set to expire in 2025.
- The package is set to bring the expiration dates of key incentives in line with other provisions expiring in 2025, teeing up a large tax extenders package.



Chairman Jason Smith (R-MO)

# Tax Update

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- The Senate Finance Committee continued its investigation of the pharmaceutical industry with a [hearing](#) on the international tax practices of AbbVie, Abbott Laboratories, Amgen, and others.
- The Finance Committee also held a [hearing](#) underscoring the importance of the Inflation Reduction Act's energy community bonus credits.
- Ranking Member Mike Crapo (R-ID) criticized the Pillar Two global minimum tax in an [op-ed](#), where he argued the tax would limit the value of U.S. economic incentives and reward China's protectionist policies.
- Sen. Todd Young urged the extension of full R&D expensing in an [op-ed](#), characterizing amortization requirements as an "innovation tax" and urging support for his legislation ([S.866](#)) to restore full expensing.



Chairman Ron Wyden (D-OR)

# Financial Services Update

- The House Financial Service Committee (HFSC) held a [markup](#) on May 24 to consider legislation to address recent bank failures, capital formation, and the Federal Housing Finance Agency’s loan-level pricing adjustment proposal. In his opening [remarks](#), Chair McHenry implied the four capital formation bills considered could be a pathway for a “JOBS 4.0” that has the potential to be signed by President Biden – a difficult task in a divided Congress.
- On May 10, the HFSC Subcommittee on Digital Assets, Financial Technology and Inclusion, and House Agriculture Subcommittee on Commodity Markets, Digital Assets, and Rural Development held a [joint hearing](#) on “Closing the Regulatory Gaps in the Digital Asset Ecosystem.” This joint approach is helpful for developing momentum because the committees have jurisdiction over the financial regulators tasked with overseeing digital assets, the SEC, and CFTC, respectively.
- The HFSC is expected to continue to work towards a bipartisan regulatory regime for stablecoins. Last month, Ranking Member Maxine Waters (D-CA) circulated the Democrats’ legislative [proposal](#).



House Financial Services Committee  
Chair Patrick McHenry (R-NC)



HFSC Subcommittee on  
Digital Assets Chair  
French Hill (R-AR)



House Agriculture  
Subcommittee on Digital  
Assets Chair Dusty  
Johnson (R-SD)

# Student Loan Updates

- All eyes are on the Supreme Court this month as it is expected to issue a ruling on the Biden Administration's student loan forgiveness proposal before the end of June.
- Beyond the court system, Republicans have tried numerous tactics to nullify the student loan forgiveness proposal in advance of the Supreme Court ruling:
  - Republicans advocated to include this issue as part of the debt ceiling negotiations, but instead reached a compromise with President Biden to end the student loan payment and interest moratorium and return borrowers to repayment on September 1. Assuming the Fiscal Responsibility Act ([H.R. 3746](#)) becomes law, the administration would be barred from further extensions of the pause, which costs the federal government an estimated \$5 billion per month.
  - Republicans also are attempting to overturn the forgiveness plan and end the payment pause via a Congressional Review Act resolution ([H.J. Res. 45](#)).
    - The House passed the resolution by a [218-203](#) vote on May 24 with two Democrats – Reps. Jared Golden (D-ME) and Marie Gluesenkamp Perez (D-WA) – joining all Republicans present to vote in support of the resolution.
    - The Senate also passed the joint resolution by a [52-46](#) vote on June 1, with Senators Joe Manchin (D-WV), Jon Tester (D-MT), and Kyrsten Sinema (I-AZ) joining all Republicans in voting for the resolution.
    - Despite passing both chambers, President Biden previously [stated](#) he will veto the measure.



Speaker Kevin McCarthy (R-CA) with President Biden

# House Education and the Workforce Committee Oversight Hearings

- The House Education and the Workforce Committee held two oversight hearings in May to examine the Biden Administration's education policy actions.
  - On May 16, the committee held a [hearing](#) featuring Secretary of Education Miguel Cardona as the only witness.
    - Republican members criticized the department over issues ranging from student loan forgiveness, learning loss, curriculum content, and policy changes affecting LGBTQ+ students.
    - Committee Democrats defended the Biden Administration and Secretary Cardona, promoting their accomplishments including the billions of dollars in COVID-19 relief that went to education entities as part of the American Rescue Plan.
  - On May 24, the Subcommittee on Higher Education and Workforce Development held a [hearing](#) focused specifically on the Biden Administration's student loan policies.
    - During the hearing, Republicans questioned the constitutionality and feasibility of the administration's student loan forgiveness plan and other student loan policies, such as the proposed income-driven repayment (IDR) plan and the payment pause.
    - Democrats commended the administration for addressing student loan debt head on and discussed ways to tackle rising borrower debt by expanding Pell Grants and Public Service Loan Forgiveness.



Secretary of Education Miguel Cardona

# Other Education Policy Developments

- The Department of Education announced it has postponed the anticipated release of the final Title IX rule until October 2023.
  - The new Title IX rule seeks to strengthen protections for students experiencing sex-based discrimination or harassment at schools.
  - The department also plans to issue its final rule to address Title IX issues related to transgender athletes at the same time.
- The department also released its proposed gainful employment rule on May 17, which is aimed at strengthening accountability and transparency across postsecondary programs, particularly at for-profit institutions. The department hopes to finalize the rule by November.
- Numerous members of Congress are working to reach agreement on legislation to codify the name, image, and likeness (NIL) rights of student athletes.
  - House Energy and Commerce Subcommittee Chair Gus Bilirakis (R-FL) released the draft text of his proposed NIL bill at the end of May.
  - A group of bipartisan senators also are reportedly working on a draft bill that they hope to release soon.



# Energy & Environment Update – Continued Deliberations on Permitting Reform

- There is bipartisan interest in permitting reform, with many Democrats seeking to speed deployment of clean energy infrastructure and many Republicans viewing permitting as a barrier to building fossil energy projects.
- Lawmakers from both parties have introduced permitting reform proposals, including the Democratic and Republican heads of the Senate Energy & Natural Resources and Environment & Public Works committees.
- Despite some measures being included in the debt ceiling deal, lawmakers have expressed continued interest in pursuing additional permitting reform:
  - Environment & Public Works Committee Chairman Tom Carper (D-DE) and Senate Energy & Natural Resources Joe Manchin (D-WV) had previously committed to developing bipartisan permitting reform legislation and may continue to work on a deal over the summer.
  - Rep. Scott Peters (D-CA) and Sen. John Hickenlooper (D-CO) pushed for a [proposal](#) to speed transmission infrastructure to be part of the debt ceiling deal and have called for continued efforts on permitting reform after the measure fell out of the final package.
  - Following the announcement of the debt limit deal, Office of Management and Budget Director Shalanda Young said the two parties “got a little done here, but we’ll need to get more done later” on permitting reform.
- The debt ceiling deal, the Fiscal Responsibility Act ([H.R.3746](#)), reforms aspects of the permitting and National Environmental Policy Act (NEPA) review process by placing time and page limits on environmental reviews and by designating a lead agency for the process.



Senate Energy & Natural Resources Chair Joe Manchin (D-WV) and Ranking Member John Barrasso (R-WY)

# FAA Reauthorization



House Transportation & Infrastructure Committee  
Chairman Sam Graves (R-MO)

- Congress must address the reauthorization of the Federal Aviation Administration (FAA) before September 30, 2023.
- The House Transportation & Infrastructure Committee (T&I) has held several hearings on various topics related to the FAA Reauthorization, such as aviation safety, passenger experience, and aerospace workforce challenges.
- T&I hopes to mark up the FAA Reauthorization bill later this month. According to the committee's timeline, it is expected the legislation will be considered on the House floor in July and hopes for passage before the August recess.
- The committee is working toward a strongly bipartisan approach to pass the legislation.
- There are two major controversies the bill must navigate: (1) the Biden Administration's efforts to protect consumers from junk fees and make other consumer-oriented reforms and (2) addressing the FAA's recent decision to require a 1,500-hour rule for pilot training.

# Trade Update

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Gina Raimondo,  
Secretary of Commerce



Katherine Tai,  
U.S. Trade Representative

- On May 25, Commerce Secretary Gina Raimondo met with Chinese Commerce Minister Wang Wentao; the following day U.S. Trade Representative Katherine Tai met with Minister Wang.
- Both the [USTR](#) and [Commerce](#) readouts described the meetings as part of ongoing efforts to maintain open lines of communication between the United States and China. The meetings were the highest-level meetings between the two countries in several months.
- The meeting occurred on the margin of the IPEF Ministerial Meeting in Detroit. Also at the Ministerial Meeting, the IPEF nations announced a [Supply Chain Agreement](#), which included a “Supply Chain Council” to develop “sector-specific action plans for critical sectors and key goods” and a Labor Rights Advisory Board to support the promotion of labor rights.

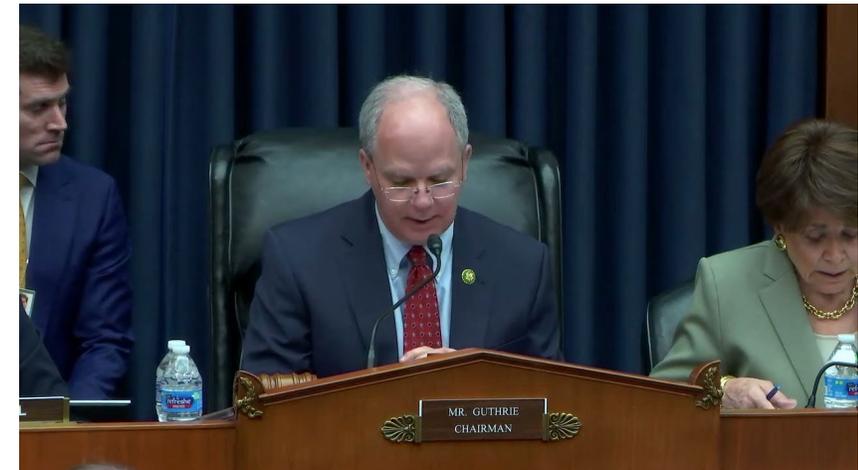
# Trade Update: China Select Committee

- On May 24, the Select Committee on the Chinese Communist Party adopted two reports on how to respond to the ongoing [Uyghur genocide](#) and “preserve peace and stability in the [Taiwan Strait](#).”
- The reports call for Congress to strengthen existing bans on importing goods made with Uyghur forced labor, including by lowering the de minimis threshold.
  - House Ways & Means Trade Subcommittee Ranking Member Earl Blumenauer (D-OR) has long been a champion lowering the de minimis threshold with respect to China. While the Select Committee did not mention Rep. Blumenauer’s bill, he mentioned the need to address the de minimis threshold during a recent hearing and he is expected to reintroduce his bill soon.
  - House Ways & Means Subcommittee Chairman Adrian Smith (R-NE) also said he was open to discussing changes to the de minimis threshold.
- The reports also recommended Congress pass legislation to restrict outbound investment in Chinese companies that “support the CCP’s policies in the [Xinjiang region] and the Uyghur genocide.”
  - The administration has been working on an outbound investment executive order for months. Most recently, the administration shared drafts of the executive order with stakeholders. We may see the executive order released in June.



# Health Care Updates – House Energy & Commerce (E&C) Committee

- **Health committees successfully advanced legislation to increase Pharmacy Benefit Manager (PBM) oversight and transparency in the healthcare system, in addition to holding a hearing on the factors causing drug shortages.**
- On May 24, E&C held a [markup](#) and reported out 19 bills, seven of which were favorably considered during an E&C Health Subcommittee [markup](#) on May 17.
  - The seven bills intend to increase competition and transparency in the U.S. health system, including through increased reporting requirements for covered entities in the \$340 billion drug discount program ([H.R. 3290](#)), increased use of value-based purchasing arrangements for breakthrough therapies including gene therapy ([H.R. 2666](#)), and hospital price transparency enhancements ([H.R. 3561](#)). H.R. 3561 also includes provisions related to provider's site neutrality, reauthorizing certain federal research programs, and lowering prescription drug costs.
  - While **Chairwoman McMorris Rodgers (R-WA)** and **Ranking Member Pallone (D-NJ)** voiced pride in shepherding several bipartisan proposals through regular order, it is unclear when or how these bills will be packaged together for House floor consideration in the future.
- On May 11, the E&C Oversight and Investigations Subcommittee held a [hearing](#) examining the root causes of drug shortages.
  - **Chair Griffith (R-VA)** discussed the impact of PBMs and Group Purchasing Organizations (GPOs), the FDA's foreign inspection process, and the lack of generic drug manufacturing in the U.S.
  - **FDA Commissioner Robert Califf** requested additional authority to help manage drug shortages resulting from demand increases.
  - **Ranking Member Pallone (D-NJ)** supported increasing transparency around foreign active pharmaceutical ingredients (APIs), requiring reporting during unexpected spikes in demand for drugs, and allowing the FDA to extend the shelf life of critical medications in shortage.



House Energy & Commerce Health Subcommittee  
Chairman Brett Guthrie (R-KY)

# Health Care Updates – House Committee on Oversight & Accountability (COA)



House Oversight and Accountability Committee  
Chairman James Comer (R-KY)

- **PBMs remain under congressional scrutiny, including the continuation of House Oversight Chairman Comer’s (R-KY) investigation.**
- On May 23, COA held a [hearing](#) titled “The Role of Pharmacy Benefit Managers in Prescription Drug Markets Part I: Self-Interest or Health Care?”
  - The hearing reflected bipartisan support for PBM reform around transparency and antitrust issues, focusing on vertical integration of the three largest PBMs (CVS Caremark, Express Scripts, and Optum Rx) with plans.
  - The hearing included scrutiny of certain PBM practices such as spread pricing and ‘fail-first’ practices like step therapy. There was significant focus on how PBMs affect the practice of medicine, with some members arguing that PBMs take care into their own hands and away from physicians.
  - **Chair Comer** and **Ranking Member Raskin (D-MD)** expressed support for developing future bipartisan PBM reform legislation.
- Ahead of the hearing, Pharmaceutical Care Management Association (PCMA) President and CEO JC Scott released a statement criticizing the committee for not inviting a witness representing the PBM industry.
  - “Without hearing from the wider industry in question, and without taking a broader look at the entire supply chain, the Oversight Committee risks fundamentally misconstruing the role of pharmacy benefit companies and playing right into the hands of Big Pharma...”

# Health Care Updates – House Ways & Means Committee

- **The Ways & Means Committee held hearings to examine ways to increase healthcare competition and transparency:**
  - On May 10, the Ways & Means Health Subcommittee held a [hearing](#) titled “Examining Policies that Inhibit Innovation and Patient Access.” Members discussed issues relating to the Centers for Medicare and Medicaid Services’ (CMS) restricted coverage policy for Alzheimer’s drugs and proposed changes to the FDA’s Accelerated Approval Program and the National Institutes of Health (NIH) budget.
  - On May 16, the Ways & Means Committee held a [hearing](#) titled “Health Care Price Transparency: A Patient’s Right to Know.” Members heard from health economists and a former Director of the CMS Innovation Center on a range of issues.
  - On May 17, the Ways & Means Health Subcommittee held a [hearing](#) titled “Why Health Care Is Unaffordable: Anti-Competitive and Consolidated Markets.” **Chairman Buchanan (R-FL)** highlighted numerous contributors to higher healthcare prices, including PBMs, vertical integration, the lack of site neutrality, consolidation among nonprofit hospitals, and the ban on physician-owned hospitals. **Ranking Member Doggett (D-TX)** said the topics discussed during the hearing could garner bipartisan cooperation but that many of the recommendations put forth by other committees will do more harm than good without reforms directed toward drug manufacturers.
- **This month, Chairman Smith (R-MO) announced a forthcoming Ways & Means tax package, which would include new research & development (R&D) incentives that could benefit manufacturers and innovators.**
  - One of the R&D proposals led by Reps. Ron Estes (R-KS) and John Larson (D-CT) is the *American Innovation and R&D Competitiveness Act* ([H.R. 2673](#)), which would allow for full expensing of R&D costs by repealing the Section 174 amortization changes included in the *Tax Cuts and Jobs Act* ([P.L. 115-97](#)). Similar legislation is expected to be included in the package.



House Ways & Means Committee  
Chairman Jason Smith (R-MO)

# Health Care Updates – Senate Health, Education, Labor and Pensions (HELP) Committee

- **HELP Chairman Sanders (I-VT) continued the Committee’s oversight of the pharmaceutical industry, hearing from large insulin manufacturers and PBM executives this month.**
- On May 10, Senate HELP held a [hearing](#) titled “The Need to Make Insulin Affordable for All Americans.”
  - **Chairman Sanders** strongly criticized manufacturers and PBMs for their role in the rising costs of insulin products in the U.S.
  - **Ranking Member Cassidy (R-LA)** said the hearing’s testimony helped inform lawmakers ahead of the committee’s bipartisan drug pricing [markup](#) on May 11.
  - **Chairman Sanders** committed to holding additional drug pricing hearings this year and next to continue monitoring the price of insulin.
- **Similar to E&C, HELP also held a markup on several bills intended to increase healthcare transparency and improve generic drug access. While the House and Senate health committees’ legislative proposals are similar in topic, the bills are substantively different.**
- On May 11, HELP held a continuation of a [markup](#) that first commenced on May 2 but was delayed due to process issues raised by Ranking Member Cassidy and Sens. Mitt Romney (R-UT), Susan Collins (R-ME), and Tim Kaine (D-VA).
  - Four bills were considered and favorably passed with bipartisan support:
    - *Ensuring Timely Access to Generics Act of 2023* ([S. 1067](#))
    - *Expanding Access to Low-Cost Generics Act of 2023* ([S. 1114](#))
    - *Retaining Access and Restoring Exclusivity (RARE) Act* ([S. 1214](#))
    - *Pharmacy Benefit Manager (PBM) Reform Act* ([S. 1339](#))



Senate HELP Committee  
Chairman Bernie Sanders (I-VT)

# Health Care Updates – Senate Finance Committee



Senate Finance Committee Chairman Ron Wyden (D-OR)

- While we expect the Finance Committee to propose a PBM package in the coming months, Senators discussed other issues related to international tax regimes and rural healthcare.
- On May 11, the Committee [held](#) a hearing titled “Cross-border Rx: Pharmaceutical Manufacturers and U.S. International Tax Policy.”
  - **Chairman Wyden** discussed the committee’s multi-year congressional investigation into five large pharmaceutical companies and their foreign tax practices following the enactment of the Trump-era *Tax Cuts and Jobs Act* (TCJA, P.L. 115-97).
  - **Chairman Wyden** [announced](#) the release of additional investigation findings from the Joint Committee on Taxation (JCT) and company-level tax data. He said the committee plans to release a final report on global pharmaceutical tax practices by the end of 2023.
  - While **Chairman Wyden** partly used the hearing as an opportunity to tout his and Sens. Mark Warner (D-VA) and Sherrod Brown’s (D-OH) ‘international tax overhaul’ [proposal](#), **Ranking Member Crapo (R-ID)** voiced support for the TCJA and criticized the Biden Administration’s lack of coordination with Congress related to the Organization for Economic Cooperation and Development’s (OECD) ongoing global tax negotiations.
- On May 17, the Finance Health Subcommittee held a [hearing](#) on “Improving Health Care Access in Rural Communities: Obstacles and Opportunities.”
  - The hearing highlighted bipartisan agreement on the importance of addressing issues facing rural health care providers and rural populations, with both Subcommittee **Chairman Cardin (D-MD)** and **Ranking Member Daines (R-MT)** expressing concerns related to rural hospital closures and shrinking rural healthcare workforce populations in their opening remarks.

# Health Care Updates – Senate Homeland Security and Governmental Affairs Committee

- On May 17, the Homeland Security and Governmental Affairs Committee (HSGAC) Investigations Subcommittee held a hearing on “Examining Health Care Denials and Delays in Medicare Advantage (MA).”
  - In the subcommittee’s first hearing in 2023, members met to discuss barriers faced by seniors enrolled in MA.
  - The hearing focused on the following topics: (1) issues with prior authorization leading to lack of access to care; (2) the use of algorithmic systems in MA plans’ decision-making; and (3) broader calls for transparency in the healthcare system.
  - Given that this hearing took place while votes were occurring on the Senate floor, only three members of the subcommittee actively participated in the discussion - **Chair Blumenthal (D-CT)**, **Ranking Member Johnson (R-WI)**, and **Senator Marshall (R-KS)**.
- That same day, the subcommittee sent letters to Humana, UnitedHealthcare, and CVS about their software algorithms’ role in overturning physicians’ prior authorization requests.
  - The letters follow a similar inquiry from E&C leaders to Cigna asking how the company uses automation and AI in the process of accepting or denying patient claims.



Senate HSGAC Investigations Subcommittee  
Chairman Richard Blumenthal (D-CT)

# Health Care Updates – PAHPA Reauthorization

- The *Pandemic and All-Hazards Preparedness Act* (PAHPA; [Pub. L. 109-417](#)) initially authorized many of the federal government’s biodefense and pandemic preparedness programs, like the Administration for Strategic Preparedness and Response (ASPR) and the Biomedical Advanced Research and Development Authority (BARDA).
  - Unless reauthorized before September 30, 2023, funding for most PAHPA programs and authorities will expire. The House and Senate have initiated the reauthorization process, with the E&C and HELP Committees holding preliminary hearings on PAHPA this month.
- On May 4, the Senate HELP Committee held a [hearing](#) titled “Preparing for the Next Public Health Emergency: Reauthorizing the Pandemic and All-Hazards Preparedness Act.”
  - The hearing consisted of two panels; the first panel included (1) Dawn O’Connell, Assistant Secretary at ASPR, (2) Dr. Rochelle Walensky, CDC Director, and (3) Dr. Robert Califf, FDA Commissioner. The second panel included subject matter experts, including several academic professors.
- On May 11, the E&C Health Subcommittee held a [hearing](#) titled “Preparing for and Responding to Future Public Health Security Threats.”
  - ASPR Director Dawn O’Connell, CDC Director Rochelle Walensky, and FDA Commissioner Califf testified before the subcommittee, and a wide variety of policy areas were discussed related to the Strategic National Stockpile (SNS), drug shortages, the federal government’s ability to collect and share data, the credibility of health agencies, the healthcare workforce, incorporating equity considerations in PAHPA, and diagnostic testing.
- **The E&C Committee is expected to hold additional PAHPA hearings in June, with HELP also expected to hold hearings on reauthorization later this summer.**



# Health Care Updates – Health Care Agencies

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- COVID-19 PHE Expires. On May 11, 2023, the federal Public Health Emergency (PHE) for COVID-19, declared under Section 319 of the Public Health Service (PHS) Act, [expired](#) after its initial declaration on January 31, 2020.
  - States and various health providers continue to transition back to pre-PHE rules that include significantly less flexibilities for services like telehealth.
- FTC Continues PBM Probe, Investigating GPOs. On May 17, the Federal Trade Commission (FTC) [issued](#) compulsory orders to Zinc Health Services and Ascent Health Services, requiring information and records on their business practices. Zinc and Ascent are GPOs, also known as rebate aggregators, which negotiate rebates with drug manufacturers on behalf of PBMs and hold the contracts that govern those rebates.
  - The announcement follows the FTC’s issuance of similar compulsory orders in June 2022 to the six largest PBMs: CVS Caremark, Express Scripts, OptumRx, Humana Pharmacy Solutions, Prime Therapeutics, and MedImpact Healthcare Systems.
- CMS Proposes Rule to Enhance Medicaid Drug Pricing Policy. On May 26, CMS released a [proposed rule](#) titled “Medicaid Program: Misclassification of Drugs, Program Administration and Program Integrity Updates under the Medicaid Drug Rebate Program.” The proposed rule seeks to implement policies in the Medicaid Drug Rebate Program (MDRP) to address drug misclassification, drug pricing, and product data misreporting by manufacturers.
  - The proposed rule includes a proposal for CMS to “survey” the prices of certain high-cost Medicaid drugs, which parallels IRA’s Drug Price Negotiation Program.



# California: Budget Update

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- California is approaching the deadline to pass a budget on June 15 (California Constitution Art. IV, Sec. 12(c)(3)). The budget must also be balanced, so unlike the federal government who is working on passing an increase on the debt ceiling, California has to propose expenditures with estimated revenues.
- California relies heavily on taxes, so the delayed state and federal tax filing due to this year's declared disasters is complicating the picture.
- Currently, the estimated deficit for the state has grown to \$32 billion.
- Senate Democrats have proposed tax increases, which the governor has publicly indicated he would not support.
- Other bills in the legislature propose other tax increases, which the governor is unlikely to support.
- Although the structure of the budget will be passed in June, a number of “budget trailer bills” will be passed during the legislative session making adjustments to the overall budget, particularly as the revenue of the state becomes clearer.



# California: Other Key Legislative Updates

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- This week, the state legislature has reached the house of origin deadline, where bills that were introduced in one house need to have passed out an into the other house to continue to move this year. The legislative session will finish September 14, after which the governor will have until October 14 to sign or veto legislation.
- Some notable bills that barely made the deadline are:
  - Assembly Bill 1228 (Holden; D-Pasadena), which upends the franchise model by imposing joint liability on fast food franchisors for all for the franchisee's violations of prescribed laws and orders, or their implementing rules or regulations.
  - Assembly Bill 1356 (Haney; D-San Francisco), which significantly expands the WARN Act by increasing the size of covered employers and amount of notice time from 60 days to 90 days, disregarding terms of a contract or agreement between the labor contractor and client.
  - Senate Bill 365 (Wiener; D-San Francisco), which provides that an appeal of a denial or dismissal of a petition to compel arbitration shall not automatically stay civil legal proceedings.



Thank you



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