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## Capital Snapshot

A Monthly Overview of the Issues, Events,  
Timelines, and Polling Data Driving Federal  
Policy Decisions

April 2022

# This Month's Capital Snapshot

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- The policy and political timeline for the spring and a look at the remaining 2022 Congressional Calendar.
- An overview of President Biden's FY 2023 Proposed Budget.
- An overview of the FY 2023 appropriations process, including earmarks.
- A look inside some of the political approval numbers for Congressional leaders, and what historical trends tell us about the 2022 policy and political landscape.

# Congressional Schedule and Priorities for April 2022

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# Remaining Days in Congress

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## House

- Only nine legislative days scheduled for April.
- 42 legislative days until August recess.
- 70 legislative days left in 2022.

## Senate

- 11 legislative days scheduled for April.
- 60 legislative days until August recess.
- 117 legislative days left in 2022.

# Congressional Schedule and Priorities for April 2022

Confirmation votes for SCOTUS nominee Ketanji Brown Jackson



April 4–8

April 4–8

Early to Mid-April

Potential vote on a COVID Supplemental Appropriations Bill



Mid-April

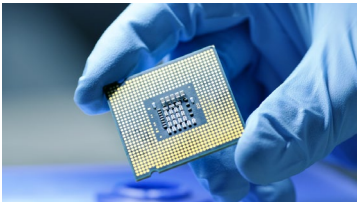
Early to Mid-April



House vote on the Marijuana Opportunity Reinvestment and Expungement (MORE) Act



Possible Senate vote on a bipartisan bill to cap out-of-pocket insulin costs



House and Senate conference on USICA/America COMPETES Act

# Congressional Agenda in April

China Competitiveness (USICA/America COMPETES Act)

Potential Revamped Negotiations on a Reconciliation Bill

Confirm US Supreme Court Nominee

Committee Hearings on the President's FY 2023 Budget

FDA User Fee Amendments Reauthorization Process

COVID Relief Package of \$15B–\$25B

Revoking Trade Relations with Russia



# President Biden's FY 2023 Budget Proposal

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# The President's FY 2023 Budget: Comparison to FY 2021

- President Biden’s proposed FY 2023 Budget includes across-the-board increases in funding for the federal government’s major departments.
- Annual inflation was 7.9% in February 2022, marking the highest annual inflation rate since January of 1982.
- The increases in the budgets for the Departments of Transportation and Homeland Security are less than annual inflation, and the Department of Defense budget is only slightly above the inflation rate.

Source: NPR, March 10, 2022

Department	Increase (Over FY 2021 Levels)
Commerce	+31%
Veterans Affairs	+29%
Health and Human Services	+27%
Education	+21%
Housing and Urban Development	+21%
Interior	+21%
Treasury	+20%
State	+18%
Labor	+18%
Agriculture	+17%
Energy	+15%
Justice	+13%
Defense	+10%
Transportation	+6%
Homeland Security	+5%

Source: The Washington Post, 3/28/22

# The President's FY 2023 Budget: Health

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- \$127.3 billion in discretionary funding for the Department of Health and Human Services (HHS)—a 15% increase from the FY22 enacted level and 27% above the FY21 enacted level.
- The budget requests \$88.2 billion in mandatory funding, over five years, for pandemic preparedness and biodefense.
- The budget includes \$40 billion for HHS ASPR to invest in advanced development and manufacturing of countermeasures for viruses and other threats.
- The budget includes \$28 billion to be allocated to the CDC for public health infrastructure and early warning capabilities.
- The budget provides \$12.1 billion for the NIH to research and develop vaccines, tests and treatments.
- The budget also requests an allotment of \$5 billion to set up President Biden's Advanced Research Projects Agency for Health (ARPA-H).



# The President's FY 2023 Budget: Health (cont'd)

- \$8.4 billion for the FDA, including \$3.7 billion in discretionary budget authority.
- \$4.2 billion, an increase of \$253 million (6 percent) above the FY 2022 enacted level, for medical product safety investments.
- Ongoing priorities in the budget:
  - Reigniting the Cancer Moonshot.
  - The budget request notes that the Biden Administration “remains committed to lowering prescription drug costs for Americans and supports actions to address high and rising drug prices.” Of note, it endorses “President Biden’s comprehensive Drug Pricing Plan” rather than the Build Back Better Act.



# President's Budget FY 2023: Education & Workforce

- \$88.3 billion in discretionary spending for the Department of Education, a 21% increase over FY21 enacted levels.
- **Early care provisions**  
\$33.3 billion for discretionary funding for early care and education programs.
  - **CCDBG:** \$7.6 billion, an increase of \$1.4 billion from the FY 2022 enacted level (23%).
  - **Head Start:** \$12.2 billion, an increase of \$1.2 billion from the FY 2022 enacted level (11% increase).
  - **Preschool Development Grants:** \$450 million, an increase of \$160 million from the FY 2022 enacted level (55% increase).
- **K-12 provisions**
  - **Doubles Title I Grants:** \$36.5 billion to address inequities in state and local education systems, an increase of \$19 billion from FY 2022 enacted level.
  - **School Improvement Grants:** \$6.5 billion, an increase of nearly \$900 million from the FY 2022 enacted level (16%).
  - **Social, Emotional and Mental Health Support:** \$1 billion for new programs to staff additional counselors, psychologists, nurses, and social workers in elementary and secondary schools.



# President's Budget FY 2023: Education & Workforce (cont'd)

- **Higher education provisions**

- **Pell Grants:** \$24.3 billion to increase the maximum award to \$8,670, a \$1,775 increase from FY 2022, and calls for doubling the maximum Pell Grant by 2029.
- **HBCUs:** \$549 million, \$65 million more than FY 2022 enacted levels (13% increase).
- **HSIs.** \$265.9 million, \$82.9 million more from FY 2022 levels (45% increase).
- **R&D Infrastructure Efforts:** \$450 million for a new program to build and expand R&D infrastructure at minority-serving institutions.
- **Retention and Completion Efforts:** \$110 million in new funding for a retention and completion grant program for states and tribal organizations to improve student outcomes.

- **Student loan provisions**

- \$1.47 billion in loan servicing activities, an increase of \$592.6 million (68%) to cover increases in servicing volumes, rate adjustments, maturation of the portfolio, and development of a long-term student loan servicing solution.
- Of note, President Biden's budget does not address broad-based student loan forgiveness or the student loan payment and interest moratorium, but it does call for the permanent elimination of tax liability on forgiven student loan debt.



# The President's FY 2023 Budget: Energy

- **Mixed news for Energy and EPA**
  - 7% increase for the Department of Energy over FY22 enacted.
  - 25% increase for the Environmental Protection Agency relative to FY2022 to support its recently released strategic plan.
  - Total growth of 15% over FY21 enacted levels for the Department of Energy is below the average growth for departments in the last two years.
- **Focus on climate**

The Office of Energy Efficiency and Renewable Energy gets \$4 billion (25% increase) to support the administration's goal to reduce greenhouse gas emissions 50–52 percent by 2030 from 2005 levels and zeroing out emissions economy-wide by 2050. Similarly, key climate efforts, including transmission resiliency and the ARPA-E program, would see large increases in funding under the proposal.
- **Contradictory objectives**

\$200 million for a new program to strengthen the US domestic supply chain for solar energy equipment, but the Department of Commerce circumvention investigation on solar cells from Chinese circumvention inquiries to Cambodia, Malaysia, Thailand, or Vietnam could cause a near-term (next five years) supply shortage in the US.



# The President's FY 2023 Budget: Defense

- \$773 billion for the Department of Defense, a 9.8% increase from the 2021 enacted level. This brings the total FY23 Defense Budget Request to \$813.3 billion dollars, just a 4% increase from FY22.
- Many GOP members and defense hawks are asking for an additional increase given the situation in Ukraine and increased military spending by China.
- Progressives are looking for no increase in defense spending and find any increase as overpowering current domestic priorities and steering away from peace-seeking efforts.
  - Rep. Barbara Lee (D-CA) and Rep. Mark Pocan (D-WI) recently wrote a letter to Biden highlighting their concerns and citing that the House-passed National Defense Authorization Act doubled the President's requested increase.



# The President's FY 2023 Budget: State Dept. and Foreign Affairs

- \$67.6 billion in discretionary funding for the Department of State and other international programs, an 18% increase from the 2021 enacted level. This includes \$4.4 billion for international programs at the Department of the Treasury.
- \$1.8 billion for the Department of State and USAID with \$400 million for the Countering the People's Republic of China Malign Influence Fund to support the Indo-Pacific Region, and \$682 million in new Ukrainian democracy-related funding.
- \$8.6 billion for two principal humanitarian assistance accounts, including \$3.9 billion for State's Refugee and Migration Assistance account and \$4.7 billion for USIAD's International Disaster Assistance account.



# The President's FY 2023 Budget: Tax

- **Key funding proposals in the president's budget request**  
\$16.2 billion in funding for the Department of the Treasury, a 20% increase from the 2021 enacted level. The budget proposes to increase tax enforcement, with \$14.1 billion for the Internal Revenue Service (IRS), 18% above the 2021 enacted level.
- **Build Back Better placeholder**  
The budget request does not mention the Build Back Better (BBB) Act but does include a placeholder for a "deficit-neutral reserve fund." Adopting such revenues allows for the inclusion of a deficit-neutral reserve fund to "account for future legislation, preserving the revenue from proposed tax and prescription drug reforms for the investments needed to bring down costs for American families and expand our productive capacity."
- **Greenbook released**  
As part of the president's budget request, the Treasury Department detailed its revenue proposals in the "Green Book." Of note, the Treasury tax provisions adopt as a budgetary baseline revenues as if the House-passed Build Back Better Act had been enacted (except for its section 137601, regarding state and local tax deductions). As a result, **some revenue estimates are notably lower than past estimates, and key tax provisions are hidden from scrutiny.**



# The President's FY 2023 Budget: New Treasury Proposals

- **Tax on the wealthy**  
In addition to the provisions cloaked by the deficit-neutral reserve fund, Treasury proposed several new tax measures. They include a new wealth tax on the wealthiest taxpayers. Under the proposal, a taxpayer worth more than \$100 million would face a minimum tax of 20 percent, inclusive of unrealized gains. In addition to the challenge of securing support in Congress, such a proposal still faces unanswered questions about the constitutionality of taxing unrealized gains.
- **Continued desire to secure deal on international tax changes**  
The Greenbook details revisions to the existing US international tax regime to better adhere to the OECD Pillar Two rules. In particular, Treasury proposes to scrap the Base Erosion and Anti Abuse (BEAT) rules in favor of a pair of measures to accord with the OECD's Undertaxed Profits Rule. While details are scant, the proposal notes it would "provide a mechanism to ensure US taxpayers would continue to benefit from US tax credits and other tax incentives that promote US jobs and investment."
- **Bringing crypto into the tax code**
  - Amends securities loan nonrecognition rules to include loans of actively traded digital assets.
  - Requires US digital asset exchanges to report information on substantial foreign owners, including gross proceeds from sales of digital assets.
  - Adds digital assets to the requirement that US taxpayers report foreign assets with an aggregate value of at least \$50,000.
  - Allows mark-to-market accounting for a dealer/trader of digital assets, like securities or commodities.



# The President's FY 2023 Budget: Transportation

- There is \$105 billion proposed for the Department of Transportation (DOT).
- With the inclusion of the additional \$37 billion in guaranteed advance appropriations provided under the Bipartisan Infrastructure Law (BIL), the Department's total budget for FY23 would be \$142 billion—compared to \$140.7 billion enacted for FY22.
- Specific components of DOT's budget include:
  - **\$18.6 billion for the Federal Aviation Administration (FAA)**, including \$24.9 million to protect critical FAA infrastructure against cyber-attacks. This is consistent with the FY22 funding level.
  - **\$59.5 billion for the Federal Highway Administration (FHWA)**, including \$29 billion for the National Highway Performance Program, \$14.1 billion for Surface Transportation Block Grants, and \$1.7 billion for the Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) program. Together with funding provided through the BIL, the total budget for FHWA would be \$68.9 billion—a slight decrease from the FY22 enacted level.
  - **\$16.9 billion for the Federal Transit Administration (FTA)**, including \$2.9 billion for Capital Investment Grants (New Starts) and \$200 million for transit infrastructure grants. Together with funding provided through the BIL, the total budget for FTA would be \$21.1 billion—a slight increase from the FY22 enacted level.



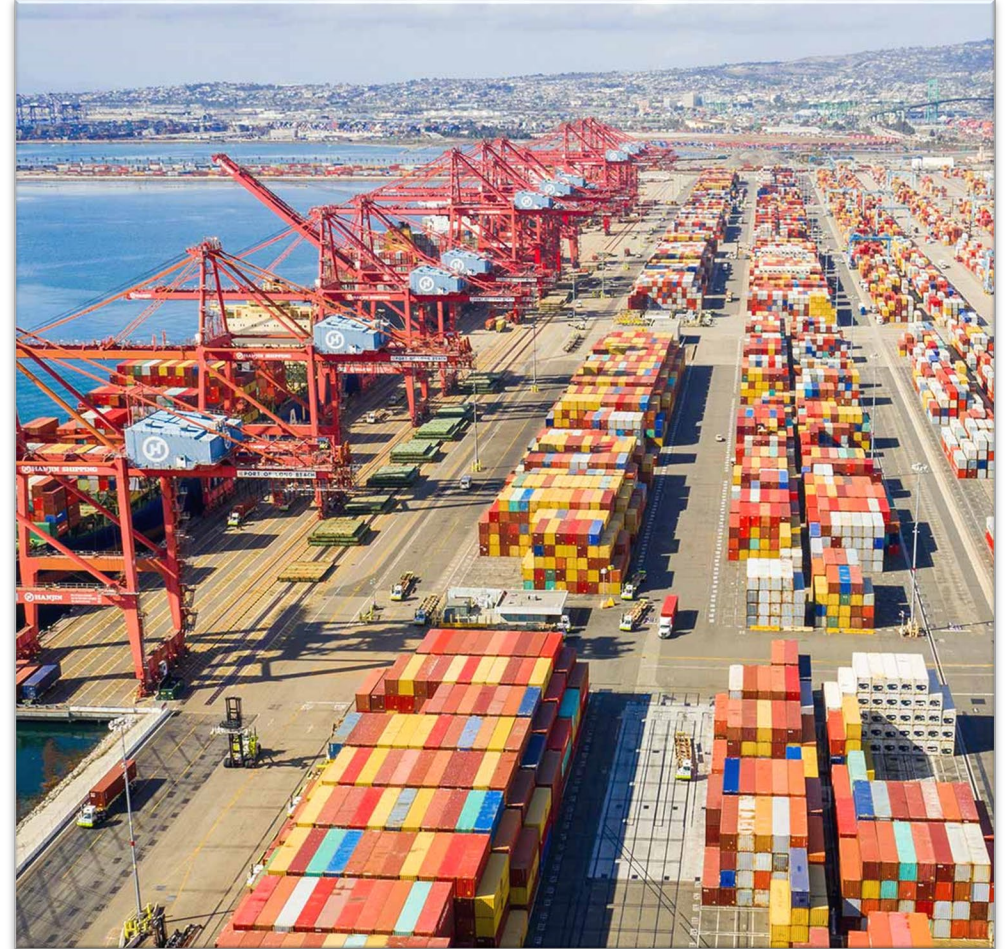
# The President's FY 2023 Budget: Transportation (cont'd)

- Other highlights in DOT's budget
  - **\$4.7 billion for the Federal Railroad Administration (FRA)**, including \$3 billion for Amtrak. Together with funding provided through the BIL, the total budget for FRA would be \$17.9 billion—a slight increase from the FY22 enacted level.
  - **\$1.3 billion for the National Highway Traffic Safety Administration (NHTSA)**: Together with funding provided through the BIL, the total budget for NHTSA would be \$1.6 billion—a slight increase from the FY22 enacted level.
  - **\$339 million for the Pipeline and Hazardous Materials Safety Administration (PHMSA)**—a slight increase from the FY22 enacted level.
  - **\$906.7 million for the Maritime Administration**, including \$230 million for the Port Infrastructure Development Program (PIDP). Together with funding provided through the BIL, the total budget for the Maritime Administration would be \$1.4 billion—a slight decrease from the FY22 enacted level.
  - **\$1.5 billion for the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) discretionary grants and the new National Infrastructure Project Assistance (Mega) Grant program.**
  - **Programs to address climate change, supported by the BIL**, including funding to support the installation of electric vehicle charging stations and \$100 million to support the transit Climate Resilience and Adaptation Program.



# The President's FY 2023 Budget: Trade

- \$11.7 billion for the Commerce Department, an increase of 31% over FY21 enacted levels.
- On the same day, the Commerce Department announced a new “strategic plan” to foster US competitiveness and innovation through 2026.
  - The plan has five overarching goals:
    - Drive US innovation and competitiveness,
    - Foster inclusive and equitable economic prosperity,
    - Tackle climate change through mitigation, adaptation and resilience efforts,
    - Expand opportunity and discovery through data, and
    - Provide 21<sup>st</sup> century service.



# **The Fiscal Year 2023 Appropriations Process and the Return of Congressionally Directed Federal Spending (Earmarks)**

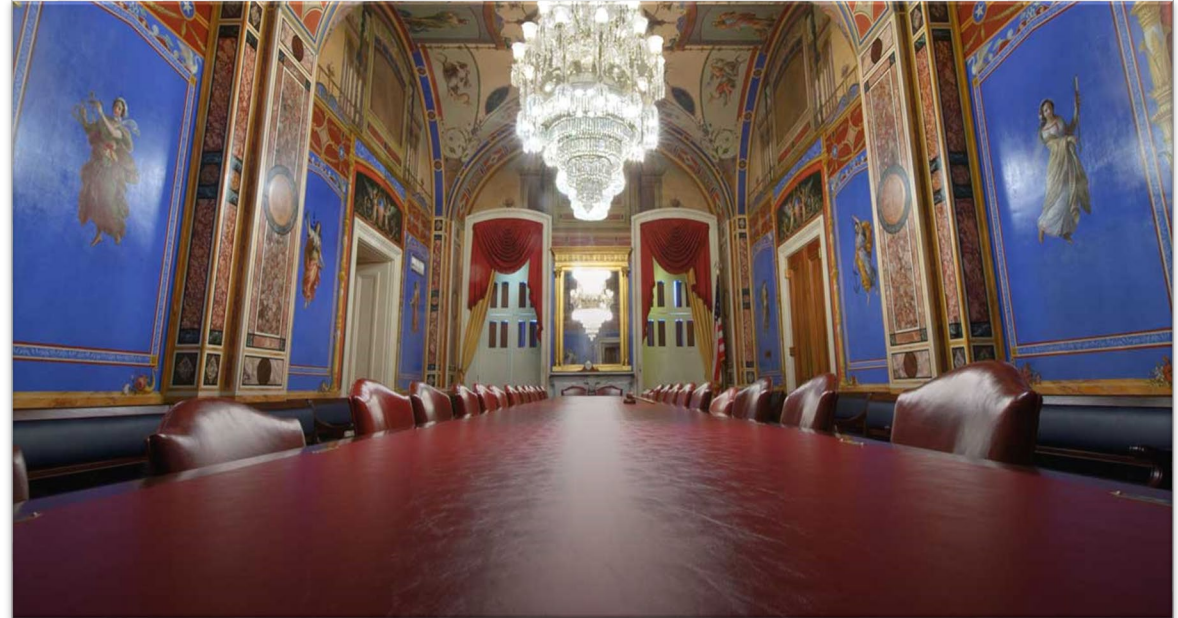
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# FY 2023 Appropriations

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- The FY 2023 fiscal year begins on October 1, 2022.
- President Biden introduced his FY 2023 Budget two months earlier compared to when he released his FY 2022 Budget last year.
- Congressional offices have appropriations request deadlines throughout April and May.
- House FY 2023 Appropriations Committee deadlines fall between April 27–April 29.
- Senate FY 2023 Appropriations Committee deadlines fall between May 6–May 27.



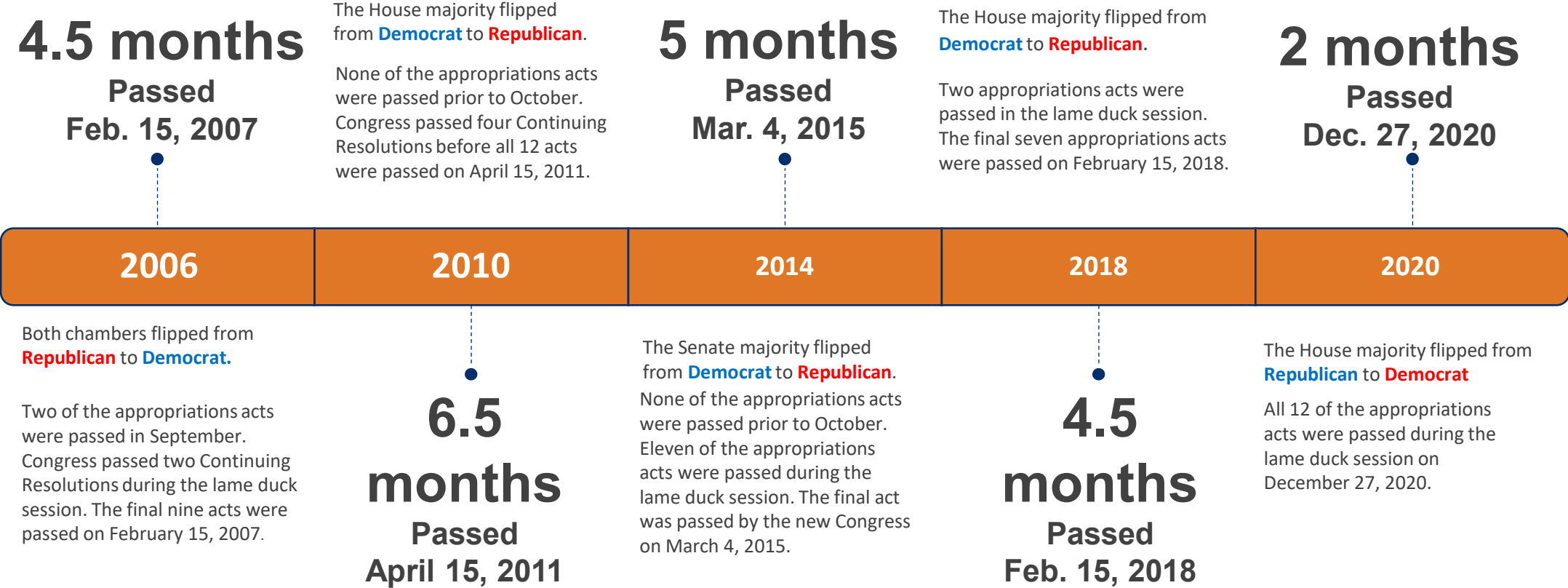
# FY23 Appropriations Process

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- The FY22 process finished six months behind schedule, meaning the FY23 process is already well behind schedule.
- The president wants to lock in COVID-level growth levels for domestic spending; Republicans want a much slower rate of growth in domestic spending.
- Republicans want to use the Russian invasion of Ukraine and Chinese threats in the Pacific to accelerate defense spending to be even with or above the rate of domestic spending growth; Congressional progressives oppose and want to slow defense spending below even President Biden's request levels.
- Election year appropriations process is always more difficult than off-years.
- Election years where chances of the House or Senate flipping control also cause delays.

# Appropriations After Change in Congressional Control

In past election years where majorities flipped, how long after October 1<sup>st</sup> did Congress pass annual funding?



# March 2022: The Return of Directed Federal Spending

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- The Fiscal Year 2022 (FY22) Appropriations Package passed in early March brought the large-scale return of “Congressionally Directed Spending” or earmarks.
- The FY22 bill has \$9 billion in earmarks for several thousand individual projects, or about 0.6% of the total spending in the package.
- **Room to Grow in 2022 (FY23):** The current Congressional rules allow up to 1% of all spending to be earmarks, so FY23 earmarks could go as high as \$13–15 billion in FY23.

# Who Did the Best in Year 1 of Earmarks?

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## ***Senate (Top Senator took home \$548 million)***

- Of the 20 Senators who received the most in FY22 earmarks:
  - Sixteen are members of the Senate Appropriations Committee.
  - Two of the other four are retiring senior Republican Senators.
  - The last two are highly vulnerable Democratic incumbents up for reelection in 2022 in GA and CO.

## ***House (Top House Member took home \$38.9 million)***

- Members from Texas and Florida, the two biggest states where Senators did not ask for earmarks.
- Highly vulnerable incumbents in both parties.
- Eight of top 20 were members of House Appropriations Committee.

# Rules/Timeline for Requesting Earmarks

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- Only nonprofits and units of local government can apply.
- For-profits must partner with a nonprofit/unit of local government.
- Project requests are due to Congressional offices in the next 10–60 days.
- **Senate:** Senators have no limits on the number of their requests.
- **House:** House Members may only make 15 total requests (up from 10 total requests last year). House offices reported receiving 30–100+ constituent requests last year, from which they must narrow their choices down to 15.
- Decisions will start to be made in summer 2022.
- Final bill with earmarks will pass sometime between December 2022 and March 2023.
- Earmark projects will begin to receive funding in the spring/summer of 2023.

Thank You



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