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Capital Snapshot

October 2023

This Month's Capital Snapshot Deck Includes

- An overview of the upcoming congressional schedule, including key dates in October
- A run-through of the removal of Kevin McCarthy as Speaker of the House, Congress recently avoiding a government shutdown, the House Republicans' impeachment inquiry, and the passing of the late Senator Dianne Feinstein
- An update on developments, outlook, and priorities for key policy and legislative areas
- An outlook on the current Congress and the state of play for the 2024 elections
- A look at current trends and factors that could impact the 2023 political and legislative landscape

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Congressional Schedule for October 2023

2023 House Calendar

- There are 12 legislative days scheduled in the House for the rest of October.
- The House was originally scheduled to be on recess the week of October 9, but Majority Leader Steve Scalise (R-LA) recently announced the House will be in that week, from October 10-13.
 - The House will now need to use that week to elect a new Speaker of the House.
- There are 28 legislative days left in the House in 2023, including just 16 legislative days until the current continuing resolution (CR) expires on November 17, 2023.



2023 Senate Calendar

- There are 12 legislative days scheduled in the Senate for the rest of October.
- The Senate will be on recess during the week of October 9.
- There are 39 legislative days left in the Senate in 2023, including just 24 legislative days until the current continuing resolution (CR) expires on November 17, 2023.

DICK DURBIN <i>Majority Whip</i>							JOHN THUNE <i>Republican Whip</i>													
UNITED STATES SENATE <i>118th Congress, 1st Session</i>																				
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
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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						
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9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17
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30																				
JULY							AUGUST							SEPTEMBER						
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16	17	18	19	20	21	22	20	21	22	23	24	25	26	17	18	19	20	21	22	23
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30	31																			
OCTOBER							NOVEMBER							DECEMBER						
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	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

Recent Significant Developments in Congress

Congress Narrowly Avoids a Government Shutdown

- On September 29, the House failed to pass a continuing resolution (CR) led by then-Speaker Kevin McCarthy (R-CA), the *Spending Reduction and Border Security Act* ([H.R. 5525](#)).
 - The vote failed by a tally of [198-232](#), with 21 conservative Freedom Caucus members joining all 211 voting Democrats in opposing the measure.
- This failed CR vote came when the Senate was moving forward with consideration of its own CR. The Senate's [CR](#) was bipartisan, as a procedural vote on the measure was agreed to by a tally of [76-22](#) on September 28.

Then-Speaker of the House Kevin McCarthy (R-CA)



Senate Majority Leader Chuck Schumer (D-NY)



Congress Narrowly Avoids a Government Shutdown

- On September 30, Speaker McCarthy and House Republican leadership announced a new House-led CR, the *Continuing Appropriations Act, 2024 and Other Extensions Act* ([H.R. 5860](#)).
 - This CR extends government funding at FY 2023 levels through November 17. It includes disaster relief funding, but not Ukraine aid.
- The House CR passed the House in a [335-91](#) vote.
 - 126 Republicans voted in favor of the CR, as did 209 Democrats.
- In the evening on September 30, the Senate passed the House CR, H.R. 5860, by a large bipartisan vote of [88-9](#).
- Later that evening, President Joe Biden [signed](#) the CR into law, officially avoiding a government shutdown.



President Joe Biden (D)

Kevin McCarthy Removed as Speaker of the House

- On October 2, Congressman Matt Gaetz (R-FL) filed a “motion to vacate the chair ([H.Res. 757](#)),” in an attempt to remove then-Speaker Kevin McCarthy as House Speaker.
- On October 3, the motion to vacate passed by a vote of [216-210](#). As a result, Kevin McCarthy was ousted as Speaker, and the office of Speaker of the House was declared to be vacant.
 - Eight Republicans, including Mr. Gaetz, voted to oust the Speaker, along with all 208 Democrats who voted.
 - This was the first time ever that a Speaker of the House was removed via a “motion to vacate” vote.
- The House will now be on recess until October 10 as both parties, especially Republicans, figure out next steps.



Congressman Matt Gaetz (R-FL) speaking on the House Floor during debate on the motion to vacate



Former Speaker Kevin McCarthy (R-CA) speaks soon after being removed as Speaker

Election for the Next Speaker of the House

- House Republican leadership has scheduled their candidate forum for Speaker for Tuesday, October 10, and will hold their internal conference election to elect a Speaker nominee on Wednesday, October 11.
- On October 4, Congressman Jim Jordan (R-OH) [announced](#) in a Dear Colleague letter that he is officially running to be the next House Speaker.
 - Mr. Jordan is the Chairman of the House Judiciary Committee and the House Select Subcommittee on the Weaponization of the Federal Government.
- Just a couple hours later, current House Majority Leader Steve Scalise (R-LA) also [announced](#) in a Dear Colleague [letter](#) that he is running for Speaker.
- It is unclear at this time if either Mr. Scalise or Mr. Jordan will have the support needed to get to 218 votes on the House Floor.
- If Mr. Scalise ultimately wins the speakership, there would be a new opening for Majority Leader.
- Congressman Kevin Hern (R-OK) is also said to be considering a run for Speaker.
- Additionally, Congressman Troy Nehls (R-TX) [announced](#) on October 3 that he will nominate former President Donald Trump for Speaker of the House.
- Both Leader Scalise and Rep. Jordan have received endorsements from Republican Members of Congress in the last couple days, though, notably, Rep. Troy Nehls (R-TX) [announced](#) that former President Donald Trump told him he is endorsing Rep. Jordan for Speaker.



House Majority Leader Steve Scalise (R-LA),
Speaker candidate



House Judiciary Chairman Jim Jordan (R-OH),
Speaker candidate

House Republicans Launch an Impeachment Inquiry

- On September 12, then-Speaker Kevin McCarthy (R-CA) announced that the House of Representatives was opening an impeachment inquiry into President Joe Biden (D) to investigate whether President Biden benefitted from his son's (Hunter Biden) business dealings.
- The then-Speaker cited House Republicans uncovering “serious and credible allegations into President Biden’s conduct” as the main reason for launching the formal impeachment probe. He asserted that House Republicans have outlined “credible allegations” and “corroborating evidence” of the President’s involvement in his family’s “culture of corruption.”
- The then-Speaker added that “these allegations paint a picture of corruption.” He also remarked that “President Biden lied to the American people about knowledge of his family’s foreign business dealings.”



President Joe Biden (D) and
Former Speaker
Kevin McCarthy (R-CA)

House Republicans Launch an Impeachment Inquiry

- McCarthy [announced](#) that the impeachment inquiry would be led by House Oversight Chairman James Comer (R-KY), House Judiciary Chairman Jim Jordan (R-OH), and Ways and Means Chairman Jason Smith (R-MO).
- On September 28, the House Oversight Committee held a [hearing](#) that was co-led by Chairmen Comer, Jordan, and Smith titled, “The Basis for an Impeachment Inquiry of President Joseph R. Biden, Jr.”
- During this hearing, Republicans outlined the allegations against President Biden that they will further investigate. Chairman Comer declared that his committee had “uncovered a mountain of evidence” and claimed Biden has used his official government role for his and his family’s gain.
- Democrats, led by House Oversight Ranking Member Jamie Raskin (D-MD), argued that there is not clear, impeachable evidence against the President.
- The three direct witnesses for Republicans did not share direct knowledge of any wrongdoing, with one conservative witness, Jonathan Turley, [stating](#) he does not believe the current evidence meets the standards of high crimes and misdemeanors needed for an article of impeachment.
- House Republicans will continue with their impeachment inquiry, though progress could be delayed while the House Republican Conference focuses on electing the next Speaker of the House.



[from left to right]: Oversight Ranking Member Jamie Raskin (D-MD), Oversight Chairman James Comer (R-KY), and Ways and Means Chairman Jason Smith (R-MO)



Judiciary Chairman Jim Jordan (R-OH) speaking at the hearing

Senator Dianne Feinstein Passes Away

- On September 29, Senator Dianne Feinstein (D-CA) passed away. Senator Feinstein served from November 4, 1992 until her passing. She was the longest-serving U.S. Senator from California and was the longest-tenured female Senator in history.
- Senator Feinstein had a significant impact in the U.S. Senate. She authored the 10-year assault weapons ban law in 1994 and led the Senate Intelligence Committee's 2014 CIA torture report. She was known among her colleagues as a bipartisan legislator.
- On October 2, California Governor Gavin Newsom (D) appointed EMILY's List president Laphonza Butler to fill Senator Feinstein's seat for the remainder of the term through the end of 2024. On October 3, Senator Butler was sworn in as California's junior Senator on the Senate floor by Vice President Kamala Harris.



The Late Senator Dianne Feinstein



Senator Laphonza Butler (D-CA) getting sworn in as California's junior Senator

Legislative and Policy Updates and Overviews

FY 2024 Appropriations

- Prior to returning to Washington in September, the Senate Appropriations Committee approved all 12 of its FY 2024 appropriations bills. Eight bills were unanimously approved.
 - Agriculture-FDA – \$25.9 billion
 - Commerce, Justice, Science (CJS) – \$71.7 billion
 - Defense – \$832 billion
 - Energy and Water – \$58.1 billion
 - Financial Services and General Government (FSGG) – \$41.2 billion
 - Homeland Security – \$61.3 billion
 - Interior and Environment – \$43 billion
 - Labor-HHS-Education – \$224.4 billion
 - Legislative Branch – \$6.8 billion
 - MilConVA – \$154.4 billion
 - State Foreign Operations (SFOPS) – \$61.6 billion
 - Transportation, Housing and Urban Development (THUD) – \$99 billion
- For the first time since 2018, the Senate passed all 12 bills through committee.
- During the first week back from August recess, Senate appropriators attempted to bring to the floor a minibus package of three FY 2024 bills, including Agriculture-FDA, MilConVA, and THUD. The effort failed to advance as the chamber focused on a Continuing Resolution to prevent a government shutdown.



Senate Appropriations Committee Chairwoman Patty Murray (D-WA) and Vice Chair Susan Collins (R-ME)

FY 2024 Appropriations

- The House utilized much of September to pass four of its 12 FY 2024 appropriations bills, including:
 - Defense – \$826.1 billion
 - Homeland Security – \$91.5 billion
 - MilConVA – \$317.4 billion
 - State-Foreign Operations – \$51.5 billion
- The Defense Appropriations bill was held up over funding to aid Ukraine. Ultimately funding for Ukraine was removed, and the bill successfully passed in late September.
- The two remaining FY 2024 appropriations bills – the Commerce, Justice, and Science and the Labor-HHS-Education bills – have yet to be approved by full committee.
- The House intends to bring the remaining bills to the floor in October and emphasized a desire to conference bills with the Senate by November 17 when the Continuing Resolution expires.
- The House Appropriations bills have failed to gain bipartisan support. In particular, the Energy-Water bill proposes to defund several Democratic priorities, including climate and energy programs, leading to a veto threat from President Biden.



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

FY 2024 National Defense Authorization Act (NDAA)

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 the last real “must-pass” bill by many in Congress, leading to a bipartisan, bicameral process to ensure passage.

Update: The House of Representatives passed its version of the FY 2024 NDAA on July 14 by a vote of 219-210. The vote was largely along party lines due to controversial provisions restricting the Pentagon’s abortion travel policy, cutting funding for medical care for transgender troops, and removing funding for a DoD DEI office. On July 27, the Senate passed its version of the FY 2024 NDAA by a vote of 86-11. Like the House, the SASC bill also authorizes \$886 billion for the DoD but it does not include the controversial provisions included in the House version.

Other differences will also need to be smoothed over, such as proposals to establish a Ukraine IG, revive the Pentagon chief management officer’s office, and eliminate DOD’s Cost Assessment and Program Evaluation office.

Next Steps: SASC and HASC staff met twice in September to begin conferencing the differences between the two bills. The formal conference process, including the “passing of the gavel” ceremony, is expected to occur after the Senate’s October recess. Staff have stated they are hoping to wrap up conference prior to the November Thanksgiving recess. Due to this, we expect final passage in December.



Tax Update

- With a government shutdown forestalled, discussions surrounding a year-end tax package continue between tax-writing leads House Committee on Ways and Means Chairman Jason Smith (R-MO) and Senate Committee on Finance Ron Wyden (D-OR).
- Key components of a bipartisan package — necessary to clear House and Senate — would likely include extension of TCJA provisions on expensing, R&D and deductibility of interest, as approved by the committee earlier this year, and some version of an expanded child tax credit and low-income housing tax credit.
- However, Chairman Smith has yet to get the greenlight to bring the package reported out by the committee to the floor:
 - One obstacle to floor consideration is the demand of some Republicans to increase the state and local tax (SALT) deduction.
- On September 28, the Ways and Means Committee advanced bipartisan legislation ([H.R. 5688](#)) to expand access to health savings accounts.



Ways and Means Chairman
Jason Smith (R-MO)

Tax Update

- Republican members of the House Committee on Ways and Means returned from meetings with representatives of the Organization for Economic Co-operation and Development (OECD) in Paris articulating familiar grievances with Pillar Two of the global tax agreement, namely that it cedes American tax sovereignty to foreign powers. Chairman Smith reiterated that House Republicans oppose replacing the global intangible low-taxed income (GILTI) system with Pillar Two and will implement “aggressive tax and trade countermeasures” if American multinational firms are subjected to the undertaxed profits rule (UTPR).
- Assistant Secretary for Tax Policy with the Department of the Treasury Lily Batchelder [announced](#) Treasury has begun “Phase Two” of implementing the IRA, which will center on issuing guidance on the Section 45X Advanced Manufacturing Tax Credit, the Section 48 Investment Tax Credit, and electric vehicle credit guidance for the remainder of 2023.
- On September 27, the Department of the Treasury [announced](#) it will accept application for the IRA’s Low-Income Communities Bonus Credit starting on October 19. The credit provides 10% or 20% boosts to the value of the IRA’s investment credit for wind and solar energy facilities in low-income communities.
- The Internal Revenue Service (IRS) is also [seeking](#) taxpayer feedback on changes to the form reporting information relevant to the Section 41 Credit for Increasing Research Activities through October 31.

Financial Services Update

Regulatory Oversight

- The [Senate Banking](#) and [House Financial Services](#) Committees held hearings to oversee the SEC. The hearings featured partisan divide on the role of the SEC in regulating emissions disclosure and data privacy. House Republicans expressed increasing hostility to SEC Chair Gensler, describing his regulatory strategy as “reckless.”
- The Senate Banking Committee will hold a hearing featuring the CEOs of the eight U.S.-based Global Systemically Important Banks (GSIBs) on December 6.
- House Financial Services also held a [hearing](#) on the Committee on Foreign Investment in the United States (CFIUS), which focused on interactions between U.S. and Chinese financial markets.
- Oral arguments were heard on October 3 in a Supreme Court case which has the potential to invalidate CFPB’s funding.

Cannabis Banking

- The Senate Banking Committee advanced bipartisan cannabis banking legislation ([S. 2860](#)) by a vote of 14-9, with Sens. Lummis, Cramer, and Daines supporting and Warnock dissenting. The bill has bipartisan support in the House, but has not been scheduled for consideration by the House Financial Services Committee.

Housing

- Senate Banking Committee leadership continue their bipartisan effort to address the housing shortage, including in forthcoming [hearings](#). The Senate Banking Housing Subcommittee held a hearing on “Housing Supply and Innovation,” which featured support for the Yes in My Backyard Act ([S. 1688](#)), which incentivizes communities to eliminate discriminatory land use policies.

Digital Assets

- The House Financial Services Committee advanced partisan legislation ([H.R. 5403](#)) to prevent the Federal Reserve from issuing a central bank digital currency (CBDC), arguing a CBDC would raise privacy concerns. Democrats opposed the legislation, characterizing it as “deeply anti-innovation.”



House Financial Services Committee Chair Patrick McHenry (R-NC) and Ranking Member Maxine Waters (D-CA)



Senate Banking Committee Chair Sherrod Brown (D-OH) and Ranking Member Tim Scott (R-SC)

Energy and Environment Updates

- **Treasury Provides Update on Next Phase of IRA Tax Credit Implementation.** On September 8, Treasury Department Assistant Secretary for Tax Policy Lily Batchelder gave remarks explaining the implementation of “Phase Two” of the Inflation Reduction Act (IRA) ([P.L. 117-169](#)) tax credits. As part of the next phase, Treasury is prioritizing the guidance for multiple tax credits touching clean energy technology manufacturing, energy efficiency, and low-carbon fuels.
 - Among the credits that Treasury is prioritizing during Phase Two, Batchelder mentioned the Advanced Manufacturing Production (Section 45X) tax credit, which provides tax credits for the domestic production of qualifying clean energy technologies such as wind turbine equipment and solar panel wafers, and the Advanced Energy Project Credit (Section 48C), which awards tax credits for projects that expand critical material manufacturing and recycling and projects that reduce greenhouse gas emissions at industrial facilities.
 - While refraining from providing exact timelines for guidance, Batchelder stated Treasury “expect[s] to issue guidance on several of these major incentives before the end of the year.”



Assistant Secretary of the Treasury for Tax Policy
Lily Batchelder

Energy and Environment Updates

- **Congressional Oversight of Biden Climate and Energy Policy Continues:**
 - The [Senate Energy and Natural Resources](#) and [House Science](#) committees both held hearings in September examining the Department of Energy's priorities in technology and competitiveness.
 - House Republican Chairs of the Select Committee on the Chinese Communist Party, Ways and Means, and Energy and Commerce committees have sent [multiple letters](#) to the President and CEO of Ford regarding the company's recently-cancelled licensing agreement with China-linked battery manufacturer Contemporary Amperex Technology, Co. Limited (CATL), attempting to draw links between Biden Administration EV tax credits and China.
 - House Energy & Commerce Committee Chair Cathy McMorris Rodgers (R-WA) and other Republican members of the committee sent [letters](#) to federal agencies requesting an update on the implementation of National Environmental Policy Act (NEPA) reforms included in the Fiscal Responsibility Act (FRA).



House Energy & Commerce Committee Chair
Cathy McMorris Rodgers (R-WA)

Education: Higher Education Act Reauthorization Update

- House Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) is planning to release a series of bills this fall that are likely to serve as the starting place for negotiations on a Higher Education Act (HEA) reauthorization, which has not been reauthorized since 2008.
- Potential topics for these bills include:
 - First Amendment issues, which is likely to be tied to the committee's recent report on [Freedom of Speech and Its Protection on College Campuses](#)
 - Foreign influence within higher education, including threats to research
 - Accountability for institutions of higher education to provide return on investment to their students
 - Reform of the student loan system
 - Expanding Pell eligibility for short-term programs
- With Democrats controlling both the Senate and White House, these proposals are unlikely to be passed into law this Congress, but Chairwoman Foxx intends to use them as a marker of Republican legislative priorities for higher education.



House Education and the Workforce
Committee Chairwoman Virginia Foxx (R-NC)

Education: Student Loan Updates

- **Return to Repayment.** This month, nearly 28 million borrowers will begin making payments again on their student loans for the first time since March 2020.
 - Despite a request from the Biden Administration for additional resources for student loan servicing to help with the return to repayment, the Continuing Resolution passed by Congress on September 30 did not include the additional funding flexibility requested by the White House.
 - Under Secretary of Education James Kvaal and others at the Department of Education have insisted the department is up to the task of transitioning borrowers back to repayment.
 - Meanwhile, congressional oversight will continue. Last month, Rep. Virginia Foxx (R-NC) and Sen. Bill Cassidy (R-LA) sent a [letter](#) to the Government Accountability Office requesting review of the department’s work on transitioning borrowers to repayment.
- **Student Loan Debt Relief.** In September, the department launched a negotiated rulemaking to provide student debt relief to “as many borrowers as possible” and “as quickly as possible.” In advance of the October 10-11 session, the department published the [list of members](#) on the committee and an [issue paper](#) detailing the topics to be discussed.
- **Congressional Review Act (CRA).** On September 5, Rep. Foxx and Sen. Cassidy [introduced](#) a bicameral CRA resolution to nullify the administration’s new income-driven repayment plan, the Saving on a Valuable Education (SAVE) plan. House Republicans could pass the resolution this fall, but it is unclear if it would pass in the Democratic-controlled Senate, and it undoubtedly would be vetoed by President Biden.



Under Secretary of Education James Kvaal

Education: Childcare Funding Cliff

- The American Rescue Plan Act of 2021 (ARPA) ([P.L. 117-2](#)) included \$24 billion in funding for childcare, which allowed childcare centers to continue operating by paying higher wages to employees and stabilizing their businesses during the height of the pandemic.
- This funding expired on September 30, leading to what many have deemed to be a “cliff” in childcare funding that could cause childcare centers to close or lay off employees.
- Several Democratic members have been engaged in this issue, including Sen. Patty Murray (D-WA) and Rep. Katherine Clark (D-MA) who introduced the Child Care Stabilization Act ([S. 2777/H.R. 5433](#)), which would provide \$16 billion in mandatory funding each year for the next five years. This bill has no Republican cosponsors.
- With a split Congress, it is unlikely Congress passes substantive legislation in this area in the near term, though we expect this will continue to be a topic of discussion given the impact that the lack of childcare has on workforce participation.



CHIPS Act Updates

- On September 22, the Department of Commerce [released](#) the highly anticipated final rule implementing the national security “guardrails” under the CHIPS and Science Act ([P.L. 117–167](#)). The guardrails aim to both prohibit CHIPS fund recipients from investing in manufacturing in adversarial countries and limit research and licensing efforts with adversarial countries.
- Outside of their efforts to finalize the guardrails, Secretary Raimondo testified before both the [House Science Committee](#) on September 19 and the [Senate Commerce Committee](#) on October 4 to mark the one-year anniversary of the passage of the CHIPS and Science Act. During these hearings, she indicated that the CHIPS Program office has received over 500 statements of interest and over 100 applications.
- Additionally, the CHIPS Program Office [released](#) a second notice of funding opportunity on September 29, aimed at strengthening “smaller supply chain projects” with capital investment under \$300 million.
- Finally, The CHIPS Program Office also held a two-day research and development [summit](#) on September 26 and 27, which featured industry stakeholders and standards setting bodies discussing the future of CHIPS innovation and development.



U.S. Secretary of Commerce
Gina Raimondo

Technology Regulatory Updates

- **FCC Unveils Net Neutrality Revamp.** On September 28, Federal Communications Commission (FCC) Chair Jessica Rosenworcel unveiled the commission's draft proposal to reinstate net neutrality rules on internet service providers.
 - Net neutrality, which was put in place by the FCC in the Obama Administration and subsequently repealed by the FCC during the Trump Administration, bans internet service providers from blocking or “throttling” consumers’ internet traffic.
 - The idea is mostly supported by Democrats, with Republicans and many in the broadband industry opposed to the concept of net neutrality.
 - The new draft proposal, which largely reflects the Obama-era net neutrality regulations, also calls for a national standard on net neutrality, citing a complex web of state laws on the subject and is scheduled for a first procedural vote on October 19.



FCC Chair Jessica Rosenworcel

Technology Regulatory Updates

- **FTC-Amazon Lawsuit.** On September 26, the Federal Trade Commission (FTC) [announced](#) it was leading a suit against Amazon, alleging that the company employs anticompetitive strategies to retain its monopolistic power.
 - Specifically, the FTC’s complaints states that Amazon “stops rivals and sellers from lowering prices, degrades quality for shoppers, overcharges sellers, stifles innovation, and prevents rivals from fairly competing.”
 - The timeline for the case remains unclear, but this is by far the largest antitrust complaint brought by the FTC under Chair Lina Khan and could have a major impact on the technology and online retail industries.



FTC Chair Lina Khan

Artificial Intelligence Update

- The [Senate Judiciary](#) and [Commerce](#) Committees each held hearings on legislating AI. Common themes included the need to establish data privacy protections against AI models, the value of an AI licensing regime, and liability for discrimination by AI models, among others.
- The Senate held its first AI Insight Forum September 13, a closed-door event featuring public, private, and academic AI experts. The event focused on the costs and benefits of AI technology, with some focus being reportedly drawn to the “existential risk” posed by AI.
- Senate Judiciary Privacy, Technology, and the Law Subcommittee leaders Richard Blumenthal (D-CT) and Josh Hawley (R-MO) revealed the [outline](#) of an AI legislative framework. The framework would create a third-party agency for the evaluation of AI systems, establish privacy protections, and exempt AI companies from Section 230 protections, among others.
 - Senators John Thune (R-SD) and Amy Klobuchar (D-MN) are expected to introduce a competing, “light touch” AI regulatory framework informed by Sen. Thune’s draft legislation to require AI operators to self-certify their AI systems against bias.
- AI debates in the House have stalled as federal privacy legislation remains in limbo.



Senators Richard Blumenthal (D-CT)
and Josh Hawley (R-MO)



Senators Amy Klobuchar (D-MN)
and John Thune (R-SD)

Committee-Passed Health Care Reauthorization Updates



House E&C Chair
Cathy McMorris Rodgers (R-WA)

- **On September 6, House Republicans introduced the *Lower Costs, More Transparency Act (H.R. 5378)*, a significant health care package that combines several bills advanced out of the House Energy & Commerce, Ways & Means, and Education & Workforce Committees. The bill would:**
 - **Reauthorize:** the Teaching Health Center Graduate Medical Education (THCGME) Program, the Community Health Center Fund, the National Health Services Corps, and other programs.
 - **Require:** Additional hospital and insurer price reporting. The cost of the bill is offset by the inclusion of a policy that would effectively reduce the cost of drug administration services furnished at Hospital Outpatient Departments (HOPDs).
 - **What's Next:** The bill was originally scheduled to be considered on the House floor before it was pulled after fiscally conservative Republicans and key Democrats expressed opposition to the bill, including Ways & Means Ranking Member Richard Neal (D-MA) and Education & Workforce Ranking Member Bobby Scott (D-VA). The bill is supported by Energy & Commerce Ranking Member Frank Pallone (D-NJ).

Committee-Passed Health Care Reauthorization Updates



Senate HELP Committee Chairman
Bernie Sanders (I-VT)

- **On September 26, the Senate HELP Committee held a session where they marked up and passed four bills, including the *PREEMIE Reauthorization Act of 2023 (Manager’s Amendment to S. 1573)*, *Preventing Maternal Deaths Reauthorization Act of 2023 (S. 2415)*, *Gabriella Miller Kids First Research Act 2.0 (Manager’s Amendment to S. 1624)*, and the *Bipartisan Primary Care and Health Workforce Act (S. 2840)*.**
 - **The Bipartisan Primary Care and Health Workforce Act:** Led by Senate HELP Chair Bernie Sanders (I-VT) and Sen. Roger Marshall (R-KS), the bill would reauthorize three expiring health care workforce programs at significantly higher levels than the *Lower Costs, More Transparency Act*.
 - **Committee Leadership Reaction:** Ranking Member Bill Cassidy (R-LA) was critical of S. 2840, declaring it was hastily written, circumvented the debt limit deal, and was inappropriately reliant on the Senate Finance Committee to cover the cost of the bill.
 - **What’s Next:** Passage of these reauthorizations remains unclear. However, they could be included as part of a year-end appropriations package.

House Ways & Means Committee – Health Updates



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

- **On September 19, the Ways & Means Committee held a hearing on the implementation of the *No Surprises Act* (NSA; [Pub. Law 116-260](#)).**
 - **Agency Implementation Faces Scrutiny:** Chair Jason Smith (R-MO) and Ranking Member Richard Neal (D-MA) praised Congress' passage of the NSA but expressed disappointment with the implementation of the independent dispute resolution (IDR) process, claiming it has strayed from Congressional intent and hurts hospital providers.
 - **Circumventing the IDR Process:** Members discussed instances of insurers unfairly terminating in-network contracts and failing to pay hospitals and regulators providing insufficient guidance for IDR adjudication.
- **Following the hearing, CMS issued a [proposed rule](#) related to the federal IDR process.**
 - The proposed rule: (1) provides that the IDR's associated fees will be determined by the Departments of Health and Human Services, Labor, and Treasury through notice and comment rulemaking; (2) outlines the methodology used to calculate the IDR's associated fees; and (3) proposes the IDR's administrative fee amount and certified IRD entity fee ranges for disputes initiated on or after January 1, 2024. Public comments are due by November 25, 2023.

House Energy & Commerce Committee – Health Updates

- **On September 14, the Health Subcommittee held a legislative hearing on drug shortages.**
 - **Hearing Overview:** While Republicans and Democrats were in agreement on the challenges of drug shortages – especially for generic drugs – they disagreed on future legislative proposals. For example, Republicans sought to protect generic drugs from what they describe as “price controls” imposed by the Inflation Reduction Act (IRA), while Democrats called for increasing manufacturer reporting requirements and expanding FDA’s authorities. The Subcommittee considered five different proposals, including a discussion draft of the Energy & Commerce Republican-led [Stop Drug Shortages Act](#).
 - **Democratic Reaction:** Ranking Member Ana Eshoo (D-CA) expressed frustration that the Committee had not yet advanced a proposal to address drug shortages and opposed Republican proposals to limit the scope of the 340B Drug Pricing Program and the IRA’s drug pricing provisions.
 - **What’s Next:** Full Committee Chair Cathy McMorris Rodgers (R-WA) and Health Subcommittee Brett Guthrie (R-KY) highlighted comments by FDA Commissioner Robert Califf, stressing the need for additional investments in domestic generic and biosimilar drug manufacturing as evidence for the need to advance their legislative bills. The Subcommittee may consider legislation to address drug shortages later this year or next year.



House E&C Chair
Cathy McMorris Rodgers (R-WA)

House Energy & Commerce Committee – Health Updates

- **On September 19, the Health Subcommittee held a legislative hearing examining American seniors’ access to innovative drugs and medical technology.**
 - **Hearing Overview:** The Subcommittee considered 25 bills covering a variety of legislative discussions, including the Transitional Coverage for Emerging Technologies (TCET) program, CMS’ National Coverage Determination (NCD)/Coverage with Evidence Development (CED) process requirements, and the *Treat and Reduce Obesity Act* ([H.R. 4818](#)).
 - **What’s Next:** Energy & Commerce Committee Republicans, led by Chair McMorris Rodgers, will continue to conduct traditional oversight over HHS and the Centers for Medicare and Medicaid (CMS). Additionally, the Full Committee will seek to consider the legislation advanced in the Subcommittee.



House E&C Health Subcommittee Chair
Brett Guthrie (R-KY)

Committee on Oversight & Accountability (COA) – Health Updates



House Oversight Committee Chairman
James Comer (R-KY)

- **On September 14, the Subcommittee on Health and Financial Services held a hearing on the IRA’s implementation.**
 - **Hearing Overview:** The hearing comes one year after the enactment of the IRA. Much of the discussion focused on the clean energy tax credits and the IRS-related provisions included in the IRA. Subcommittee Chair Lisa McClain (R-MI) and Ranking Member Katie Porter (D-CA) clashed over the impact of the IRA’s Medicare Drug Price Negotiation Program.
 - Joel White, President of the Council of Affordable Health Coverage, testified before the Subcommittee, raising concerns about the effect that Medicare’s ability to negotiate drug prices could have on the research & development (R&D) of novel treatments for rare diseases.
- **On September 19, COA held a follow-up hearing on pharmacy benefit managers (PBMs).**
 - **Hearing Overview:** Republicans and Democrats raised concerns over the role of PBMs in the prescription drug market. Chair James Comer (R-KY) asserted most of PBMs’ abusive business practices are the result of vertical integration.
 - **What’s Next:** Ranking Member Jamie Raskin (D-MD) stated he is committed to working with Chair Comer on a PBM-related oversight package.

IRA Implementation Updates

- **On August 29, CMS [announced](#) the first 10 Medicare Part D drugs selected for the Medicare Drug Price Negotiation program, and on October 3, the Biden Administration [announced](#) all 10 companies agreed to participate in negotiations.** CMS will publish the negotiated prices for the drugs by September 1, 2024. The prices will become effective on January 1, 2026.
- **CMS' Medicare negotiation program continues to face judicial challenges. Recent updates include:**
 - On August 30, Astellas withdrew its suit after finding out its prostate cancer drug Xtandi was not included in the first round of price negotiations.
 - On September 1, Novartis filed a lawsuit against the IRA's Medicare Drug Price Negotiation Program after its heart drug, Entresto, was added to the list of 10 drugs up for negotiation.
 - On September 25, AstraZeneca agreed to engage with CMS on price negotiations for their diabetes drug, which they're also engaged in litigation over.
 - On September 27, Boehringer Ingelheim followed suit by agreeing to participate in the program for its diabetes drug Jardiance.
 - On September 29, Novo Nordisk agreed to participate in the program for a slew of its insulin products and subsequently filed suit.
 - **Congressional Response:** Sens. Dick Durbin (D-IL), Amy Klobuchar (D-MN), Peter Welch (D-VT), and other Senate Democrats filed an amicus brief in the *Merck & Co. v. Becerra* case in the District of Columbia, urging the federal court to uphold the position that Congress has the Constitutional right to allow Medicare to negotiate lower drug prices for consumers.
- **On September 13, CMS released a list of 34 Part B drugs required to pay inflationary rebates determined by the IRA.**
- **On September 20, the House Energy & Commerce's Oversight and Investigations Subcommittee held a contentious and partisan hearing on the IRA's drug pricing provisions, focused on the Medicare Drug Price Negotiation Program.**
 - **Hearing Overview:** Republicans raised concerns about the Medicare Drug Price Negotiation Program's effect on innovation and private capital investment in the pharmaceutical industry, particularly for cancer and rare diseases. Democrats defended the program and highlighted the burden of prescription drug costs on patients.



President Joe Biden

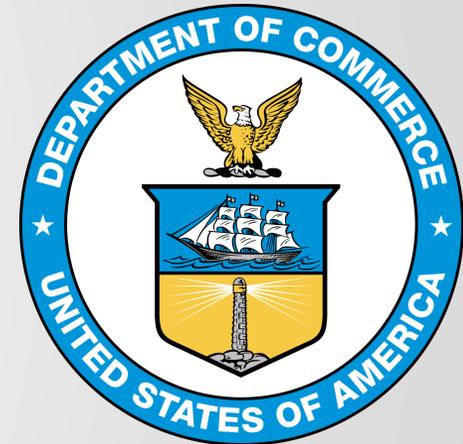
Biden Administration – Health Updates

- **On August 28, Rep. Pramila Jayapal (D-WA) and Sen. Elizabeth Warren (D-MA) sent a [letter](#) to the FDA regarding its current authority to curb pharmaceutical companies’ anti-competitive business practices.**
 - The letter commends the FDA and USPTO for announcing [collaborative initiatives](#) to prevent the delay of generics and biosimilars from entering the market, but urges the FDA to take additional action, including prohibiting brand-name drug manufacturers from improperly listing patents in FDA’s Orange Book.
- **On September 14, the FTC held an [open meeting](#) during which FTC Commissioners voted unanimously to approve a statement cautioning branded drug manufacturers against improperly listing patents in the Orange Book.**
 - The statement warns that pharmaceutical companies can face legal action under Section 5 of the FTC Act (15 U.S.C. §§ 41-58) for practices that constitute unfair methods of competition.
 - Shortly before the FTC convened, Rep. Jayapal and Sen. Warren sent a [letter](#) to the FTC urging the agency to issue a policy statement about the “improper listing” of patents in the FDA’s [Orange Book](#).



Biden Administration – Health Updates

- **On September 19, Rep. Lloyd Doggett (D-TX) and Sens. Warren and Angus King (I-ME) sent a [letter](#) to the Department of Commerce (DOC) and HHS urging the Interagency Working Group for Bayh-Dole to immediately release a draft framework for public comment regarding the Act’s march-in provision.**
 - The framework, intended to be finalized by the end of 2023, is expected to include guidelines for federal agencies to use their existing statutory authority “to protect taxpayer investments in the development of innovative products, including pharmaceuticals.”
- **What’s Next? Senate HELP Chair Sanders [announced](#) that he will lift his hold on the nomination of Monica Bertagnolli to head the NIH after examining a fair pricing provision in a contract between HHS and Regeneron, although a confirmation hearing has yet to be scheduled.**



National Institutes
of Health

California: End of Session Key Highlights

- The legislature completed its business for 2023 on September 14 sending approximately 900 bills to the governor
- Governor Newsom has until October 14 to sign or veto legislation.
- Notable bills **signed into law**:
 - Assembly Bill 1228 (Holden; D-Pasadena) raises the minimum wage for workers to \$20/hour starting in April 2024. The new law also requires the state in 2024 to convene a new fast-food council to set labor standards across the sector, including on wages, safety, and other workplace conditions. The final text was agreed to in a deal between labor groups and the fast-food industry.
 - Assembly Bill 28 (Gabriel; D-Encino) imposes an 11% excise tax on retailers and manufacturers for sales of guns or ammunition.
 - Assembly Bill 421 (Bryan; D-Los Angeles) clarifies ballot language for referendums. The new law requires the ballot title and summary to be posed as a question for voters: “Keep the law” or “overturn the law?”
- Notable bills **vetoed**:
 - Senate Bill 799 (Portantino; D-Burbank) would have granted workers, who have been on strike for at least two weeks, access to unemployment benefits.
 - Assembly Bill 316 (Aguiar-Curry; D-Winters) sought to put limits on large self-driving trucks (gross vehicle weight of 10,001 lbs or more), including requiring a human operator in the truck during operation. The bill also required manufacturers to report to the DMV within 10 days any collision resulting in death, injury, or property damage.



California: End of Session Key Highlights (continued)

- Notable bills **still awaiting decision:**

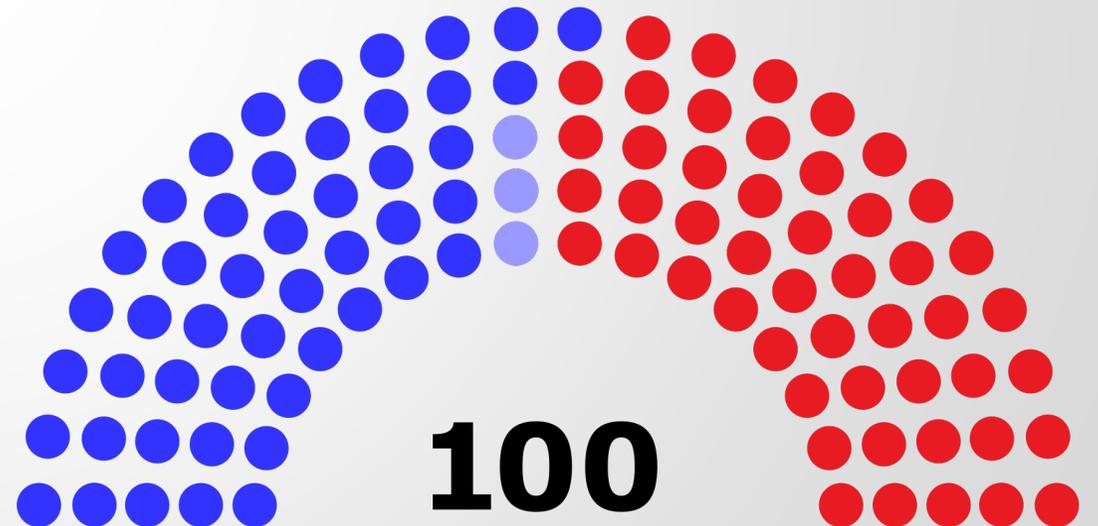
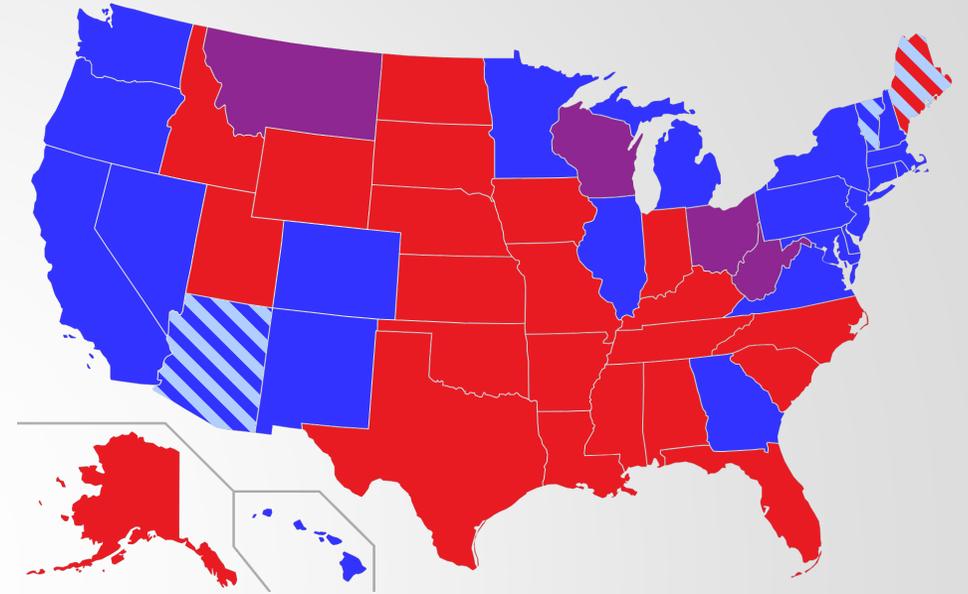
- Senate Bill 253 (Wiener; D-San Francisco), requires any entity – public or private – with total annual revenue in excess of \$1 billion to report greenhouse gas emissions (Scopes 1-3) annually, starting in 2026.
- Senate Bill 261 (Stern; D-Los Angeles), requires companies earning at least \$500 million in revenue and doing business in California to report on climate-related financial risks.
- Assembly Bill 1373 (Garcia; D-Coachella), authorizes the California Department of Water Resources, serving as a central procurement entity, to purchase renewable energy from early stage projects.
- 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.
- Senate Bill 423 (Wiener; D-San Francisco), extends existing law that allows for more streamlined, ministerial approvals for development in compliance with existing local land use plans and requirements.



State of Play of the 2024 Elections

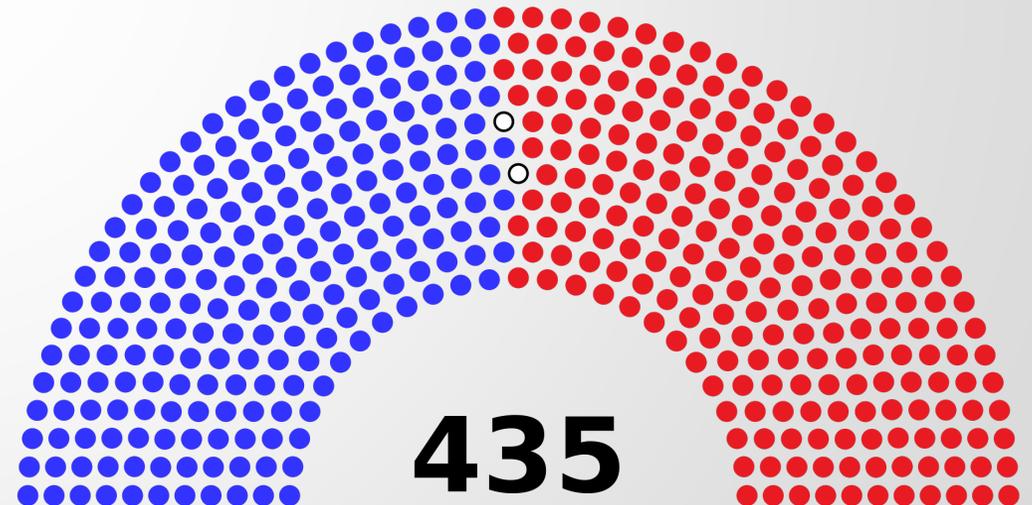
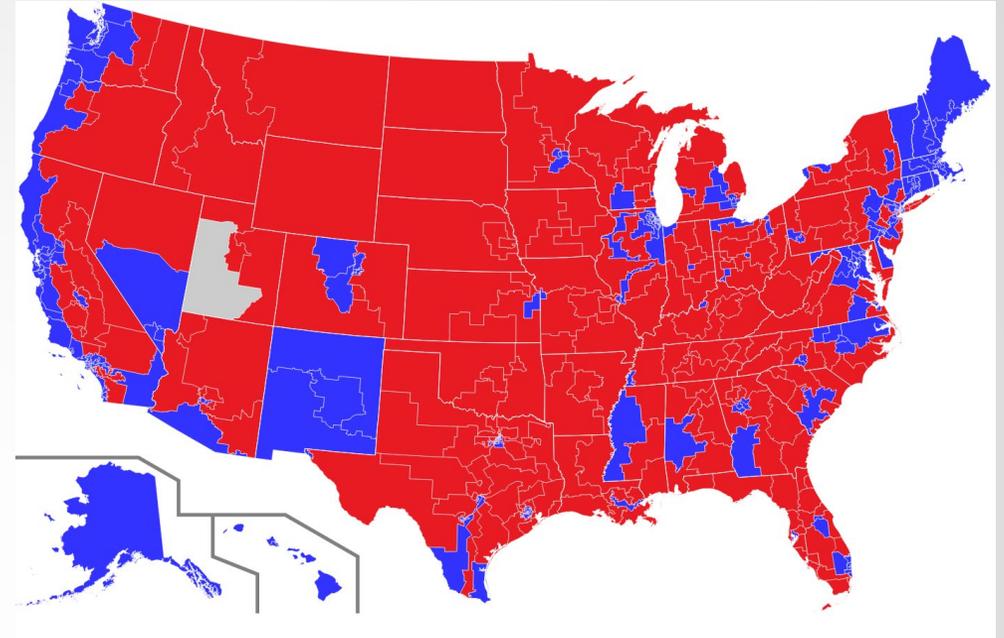
Current Senate – 118th Congress

- Democrats have a 51-49 majority; their majority includes three independent Senators who caucus with the Democrats.
- Senator Laphonza Butler (D-CA) was sworn in as California’s junior Senator on October 3 to fill the seat of the late Senator Dianne Feinstein (D-CA).
- 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.
 - To date, since assuming the office of Vice President, VP Harris has cast 31 tie-breaking votes in the Senate.
 - This is the highest amount of tie-breaking votes a vice president has cast, tied with John C. Calhoun, who cast 31 tie-breaking votes when he was vice president from 1825 to 1832.
- Senator Patty Murray (D-WA) is the President Pro Tempore of the Senate. She is the first female President Pro Tem in history.



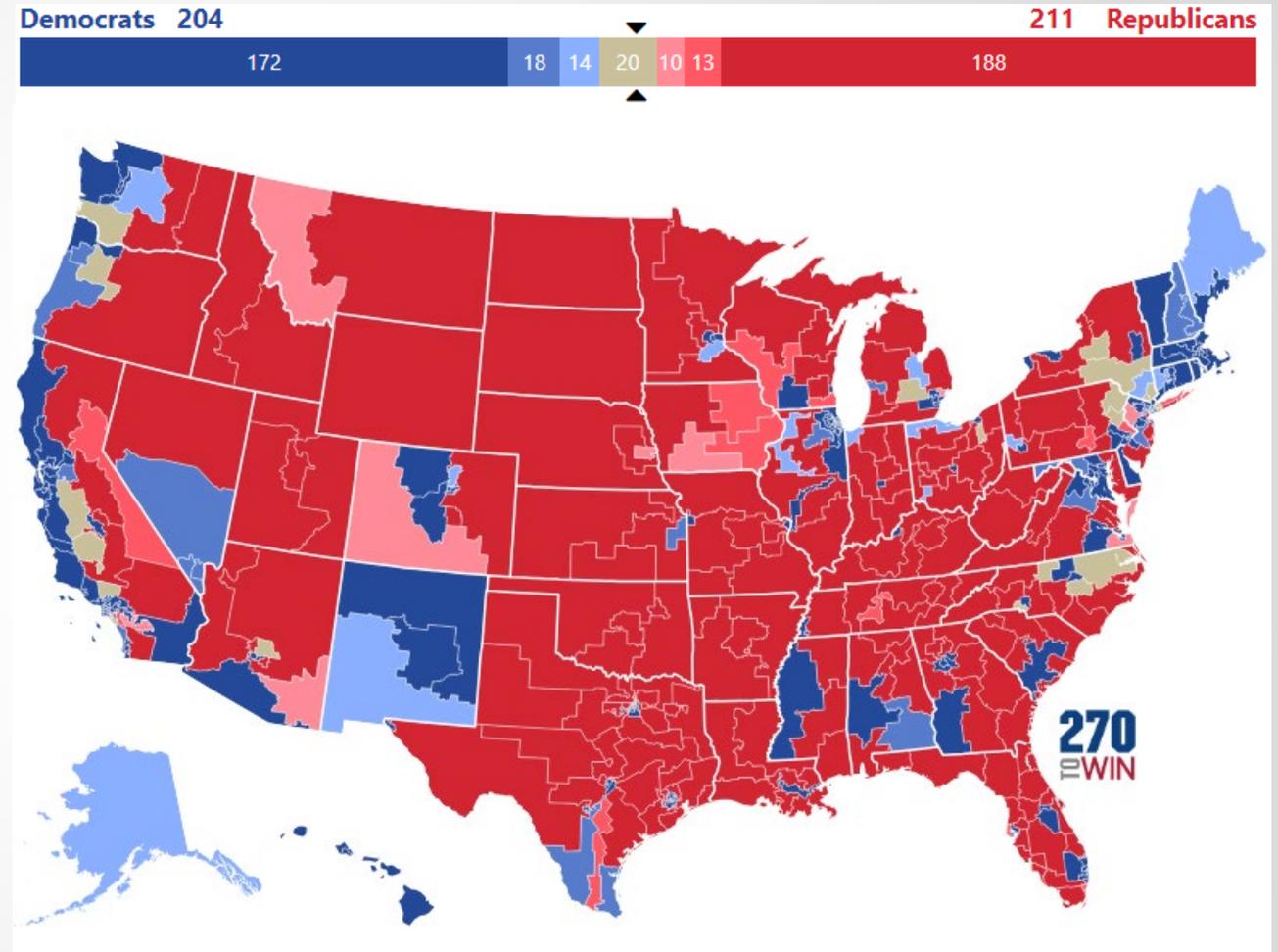
Current House – 118th Congress

- Republicans currently hold a four-seat majority (221-212) in the House.
- There are currently two vacant seats in the House
 - On June 1, Congressman David Cicilline (D-RI) resigned from Congress to become the President and CEO of the Rhode Island Foundation.
 - Democrat Gabe Amo will face Gerry Leonard, Jr. in the special election for Rep. Cicilline’s seat (Rhode Island’s 1st congressional district) on November 7, 2023.
 - On September 15, Congressman Chris Stewart (R-UT) formally resigned from Congress to focus on taking care of his wife, who has serious health issues.
 - On September 6, Celeste Maloy, a former staffer for Rep. Stewart, won the Republican primary for the special election for Rep. Stewart’s seat (Utah’s 2nd congressional district).
 - Ms. Maloy will face Democratic state senator Kathleen Riebe in the special election on November 21, 2023.



House 2024 Outlook

- Republicans currently have a small majority of 221-212. 218 is needed for a majority.
- Although it is early, for the 2024 elections, 188 seats are currently projected as “Safe R,” while 211 seats are rated as Safe, Likely, or Leans R.
- On the other hand, for 2024, 172 seats are rated as “Safe D,” while 204 seats are rated as Safe, Likely, or Leans D.



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

Democrats		
TOSS-UP (10)	LEANS DEMOCRATIC (14)	LIKELY DEMOCRATIC (18)
CA-47 Open (Porter)	Mary Peltola (AK-AL)	AL-? New*
MI-7 Open (Slotkin)	Yadira Caraveo (CO-8)	Josh Harder (CA-9)
Don Davis (NC-1)	Jahana Hayes (CT-5)	Mike Levin (CA-49)
Jeff Jackson (NC-14)	Frank Mrvan (IN-1)	Lauren Underwood (IL-14)
Kathy Manning (NC-6)	Eric Sorensen (IL-17)	Sharice Davids (KS-3)
Wiley Nickel (NC-13)	Jared Golden (ME-2)	MD-6 Open (Trone)
Emilia Sykes (OH-13)	Dan Kildee (MI-8)	Hillary Scholten (MI-3)
Matt Cartwright (PA-8)	Angie Craig (MN-2)	Annie Kuster (NH-2)
Susan Wild (PA-7)	Gabe Vasquez (NM-2)	Chris Pappas (NH-1)
M. Gluesenkamp Perez (WA-3)	Pat Ryan (NY-18)	NJ-3 Open (Kim)
	Marcy Kaptur (OH-9)	Susie Lee (NV-3)
	Greg Landsman (OH-1)	Steven Horsford (NV-4)
	Chris Deluzio (PA-17)	Dina Titus (NV-1)
	Kim Schrier (WA-8)	Val Hoyle (OR-4)
		Andrea Salinas (OR-6)
		Henry Cuellar (TX-28)
		Vicente Gonzalez (TX-34)
		Abigail Spanberger (VA-7)

Total seats rated Safe Democratic: 172
Total seats rated Safe, Likely, or Leans D: 204

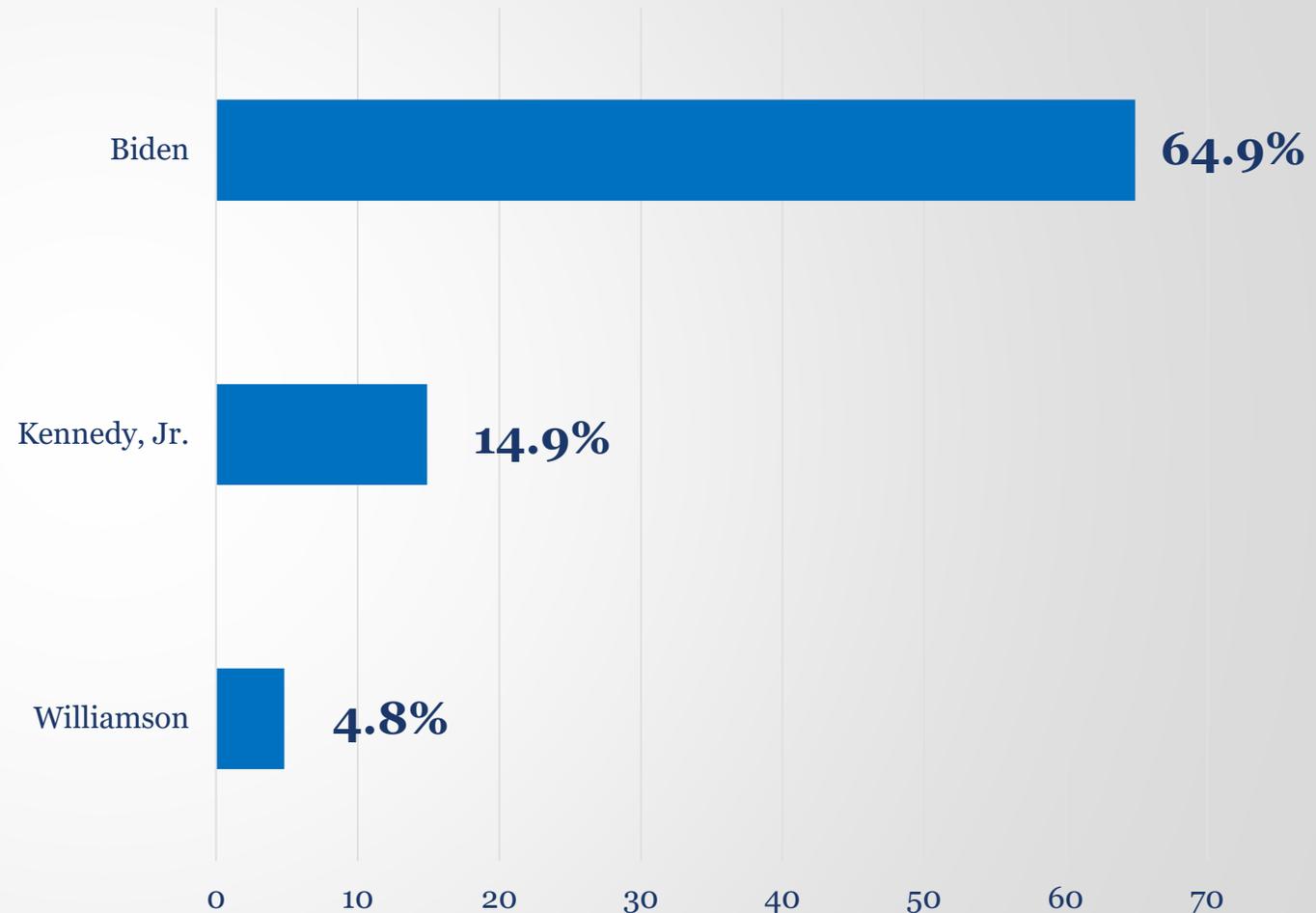
Republicans		
TOSS-UP (10)	LEANS REPUBLICAN (10)	LIKELY REPUBLICAN (13)
David Schweikert (AZ-1)	Juan Ciscomani (AZ-6)	Kevin Kiley (CA-3)
John Duarte (CA-13)	Ken Calvert (CA-41)	Young Kim (CA-40)
Mike Garcia (CA-27)	Michelle Steel (CA-45)	Anna Paulina Luna (FL-13)
David Valadao (CA-22)	Lauren Boebert (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: 188
Total seats rated Safe, Likely, or Leans R: 211

2024 Democratic Presidential Primary Polling

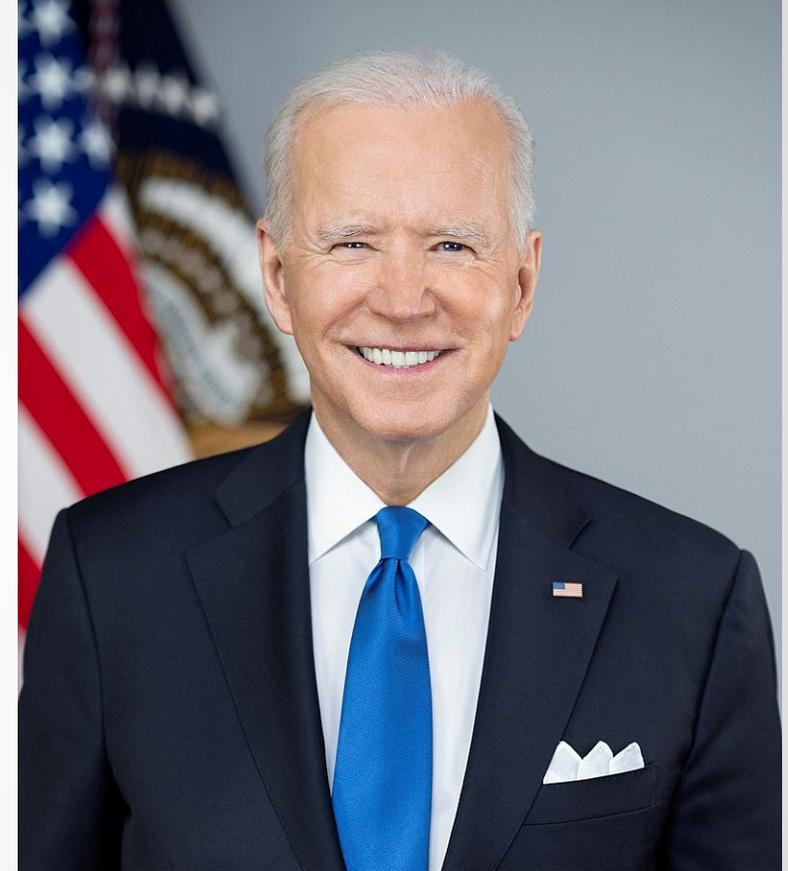
- At about 65%, incumbent President Joe Biden currently holds a large lead over the other two Democratic presidential hopefuls.
- Robert F. Kennedy, Jr. currently stands at about 15% support among Democratic primary voters.
 - Mr. Kennedy is expected to launch an independent bid for President soon.
- 2020 presidential candidate Marianne Williamson checks in at about 5%.

Democrats' Preferences for the 2024 Nominee



2024 Democratic Presidential Primary

- Some polls have shown President Biden with an even larger lead in the Democratic primary, including a recent FOX News poll, which has the President at 71% and a 54-point lead.
- In another recent poll, among Democratic poll respondents who have a previous record of voting in a primary, President Biden enjoyed a far larger lead: 74% to 8%.
 - Biden's lead was even larger – 92% to 4% – among those who voted in a Democratic primary in 2022.
- President Biden has gained more support and enthusiasm among Democratic voters compared to this time last year.
 - In July 2022, only 26% of Democrats thought the party should renominate Biden in 2024. That figure is now up to the 45% to 50% range.



Incumbent President Joe Biden

2024 Republican Presidential Primary

- Below are the Republican candidates who qualified for the second Republican Presidential Debate, which took place on September 27.
- Former President Donald Trump elected to not participate in both the first and second Republican presidential debates.



Former President
Donald Trump*



Florida Governor
Ron DeSantis



South Carolina Senator
Tim Scott



Former UN Ambassador
Nikki Haley



Vivek Ramaswamy



Former New Jersey Governor
Chris Christie



Former Vice President
Mike Pence

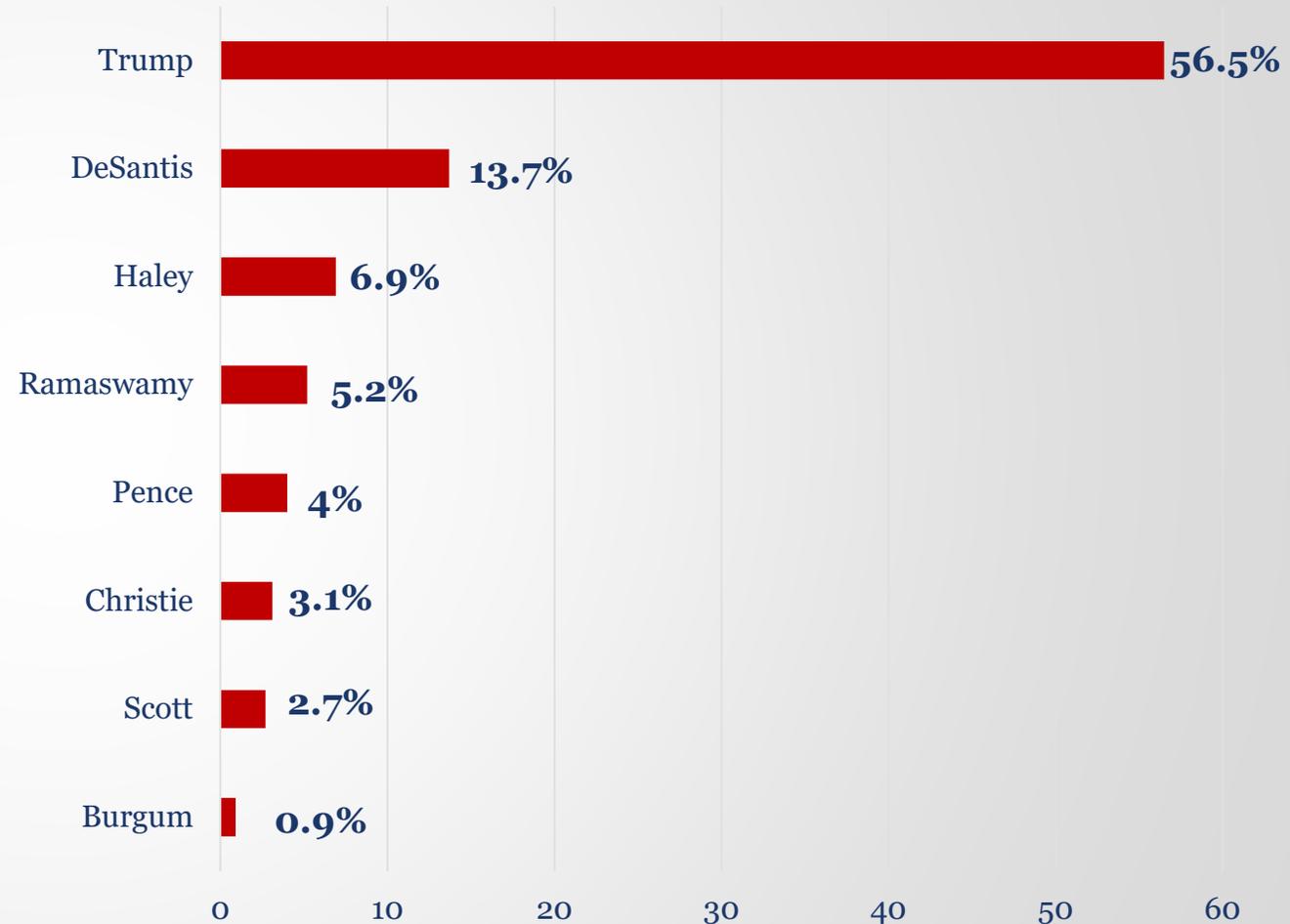


North Dakota Governor
Doug Burgum

2024 Republican Presidential Primary Polling

- At 56.5%, former President Donald Trump currently holds a large lead over the other top Republican presidential hopefuls.
- Florida Governor Ron DeSantis is the closest challenger to the former President; he is currently about 43 points behind Trump, at 13.7%.
- The other five candidates who have qualified for the first two Republican presidential debates are very far behind, polling from 7% to 1%.

Republicans' Preferences for the 2024 Nominee



2023 Off-Year Elections

- A special election to elect newly-retired Rep. David Cicilline's (D-RI-01) replacement will take place on November 7, 2023.
 - Democrat Gabe Amo will face Gerry Leonard, Jr. in the special election for Rep. Cicilline's seat (Rhode Island's 1st congressional district) on November 7, 2023.
- There will be a special election later this year to elect the successor to retiring Rep. Chris Stewart's (R-UT-02) seat.
 - Republican Celeste Maloy will face Democratic state senator Kathleen Riebe in the special election on November 21, 2023.
- 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.



Factors That Impact the 2023 Political Landscape

Job Growth Increased in September

- On October 6, the U.S. Department of Labor's Bureau of Labor Statistics [announced](#) (1) total nonfarm payroll employment increased by 336,000 in September 2023 and that (2) the unemployment rate was unchanged from August, at 3.8%.
 - Economists had expected an increase of 170,000 jobs in September, so the September jobs report significantly surpassed expectations.
 - The July 2023 number was revised up by +79,000, from +157,000 to +236,000, and the August 2023 number was revised up by +40,000, from +187,000 to +227,000.
 - The 3.8% unemployment rate is largely in line with economists' forecasts (3.7%). Unemployment has now been below 4% for 20 consecutive months.
- Average hourly earnings were up 0.2% for September and wages are up 4.2% from a year ago; both numbers were slightly lower than expected, but still mostly in line with respective estimates of 0.3% and 4.3%.
- Leisure and hospitality jobs saw a net of 96,000 new hires, and government saw an increase of 73,000 jobs. Health care jobs accounted for 41,000 of the new jobs, and professional, scientific, and technical services accounted for 29,000 new jobs.
- The employment report for October 2023 will be [released](#) on November 3.



Inflation Report

- On September 13, the U.S. Bureau of Labor Statistics [announced](#) the Consumer Price Index (CPI) increased 0.6% in August 2023 on a seasonally adjusted basis.
 - This was on par with economists' expectations.
 - This is the biggest monthly gain of 2023.
- The Bureau of Labor Statistics also reported that the CPI increased 3.7% from August 2022.
 - This was also slightly above economists' estimates (3.6% increase).
- “Core CPI,” which excludes food and energy prices, rose by 0.3% in August 2023 and 4.3% on an annual basis from August 2022; both of these figures were in line with expectations.
- Energy CPI contributed to much of the inflation increase, increasing by 5.6% from the previous month, while shelter costs increased by 0.3% and food costs rose by 0.2%.
 - The energy increase included a 10.6% surge in gasoline.
- The CPI report for September 2023 will be [released](#) on October 12.



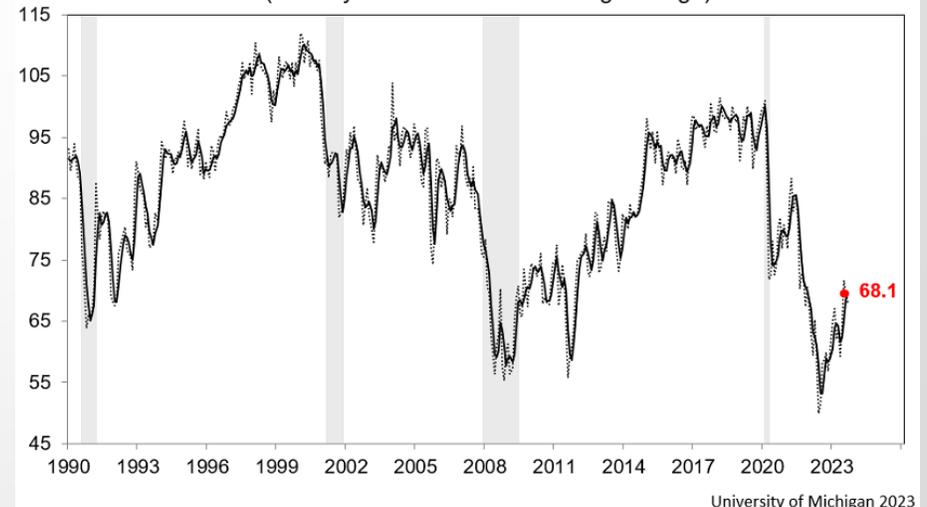
Consumer Sentiment Report

- Consumer sentiment for September 2023 stands at 68.1, which is a -4.9% decrease from July 2023 (71.6).
 - However, this is an annual increase of +16.2% from September 2022 (58.6).
- The Index of Consumer Sentiment varies by political party
 - 89.0 among Democrats
 - 64.2 among Independents
 - 50.6 among Republicans
- Year-ahead inflation expectations marginally fell from 3.5% in August 2023 to 3.2% in September 2023.

The Index of Consumer Sentiment



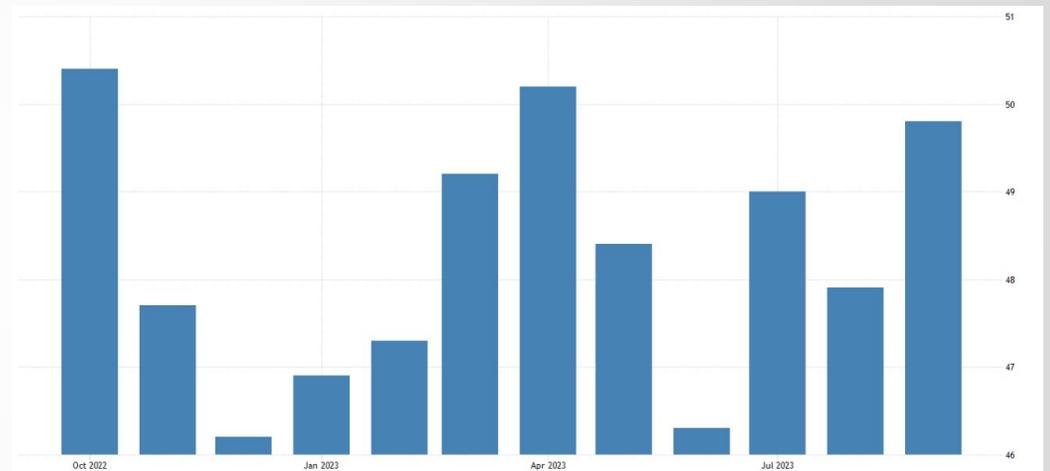
Index of Consumer Sentiment (Monthly and three month moving average)



Manufacturing PMI Beat Forecasts

- The S&P Global Flash U.S. Manufacturing Purchasing Managers Index (PMI) increased to 49.8 in September 2023 from 47.9 in August 2023.
- This PMI figure is above forecasts of 48.9.
- Output increased at a marginal rate, but was still the fastest since May.
- Job creation was moderate, and new orders continued to decline for the fifth straight month due to the impacts of high interest rates and inflation on consumer demand.
- However, business confidence reached its highest level since April 2022 due to optimism about potentially improving demand conditions.
- PMI all-time high – 63.4 in July 2021.
- PMI all-time low – 36.1 in April 2020.

United States Manufacturing PMI



Sources: Trading Economics and Markit Economics

Thank you

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