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Capital Snapshot

February 2024

This Month's Capital Snapshot Deck Includes

- An overview of the upcoming congressional schedule, including key dates in February 2024
- A run-through of notable congressional developments, including impeachment proceedings for U.S. Secretary of Homeland Security Alejandro Mayorkas, FY 2024 government funding, and the unveiling of the Senate's bipartisan border security and national security supplemental bill
- 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 congressional and presidential elections
- A look at current trends and factors that could impact the 2024 political and legislative landscape

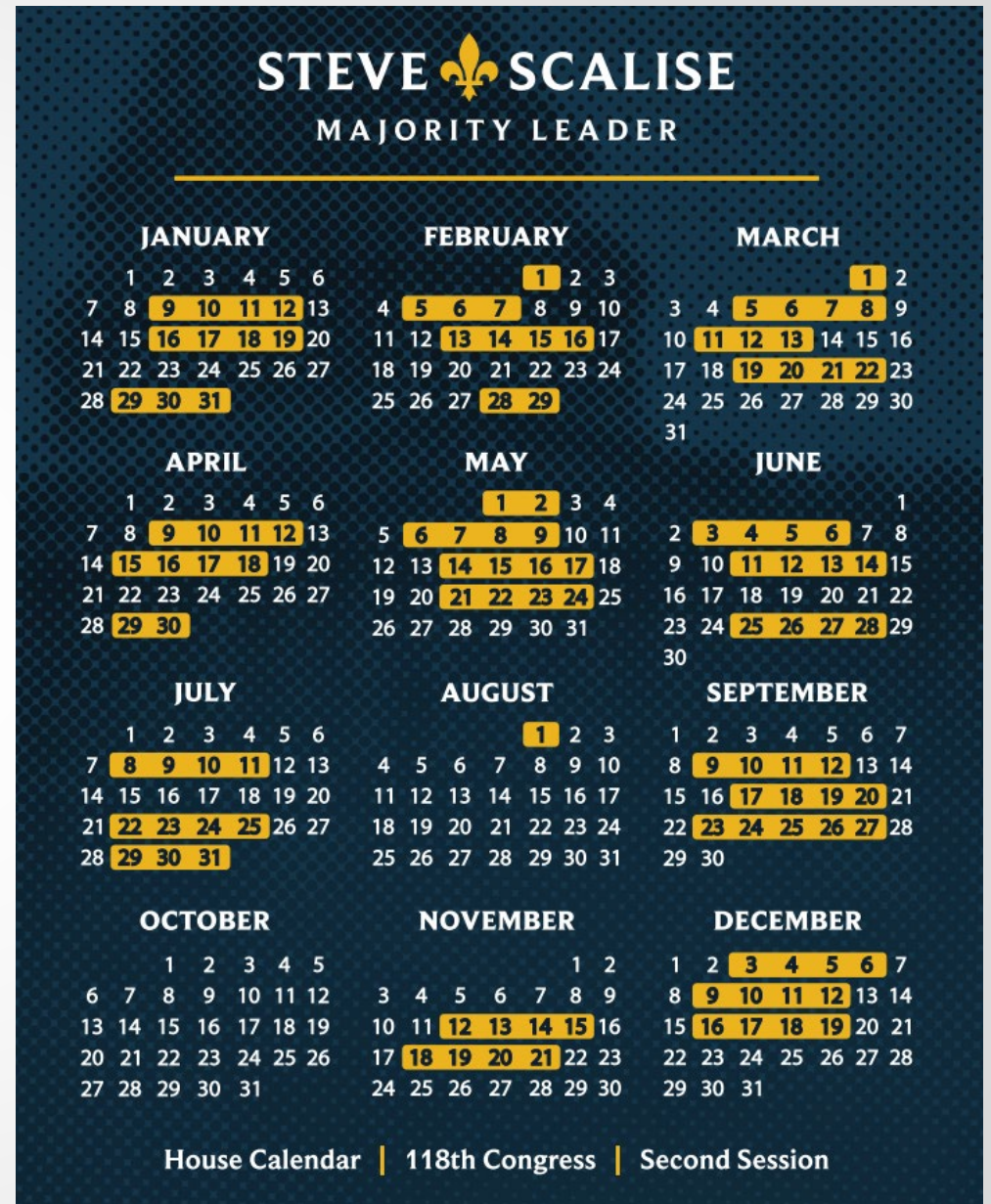
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Congressional Schedule for February 2024

February 2024 House Calendar

- There are ten legislative days scheduled in the House for February 2024, with seven legislative days left this month.
- The House will be in recess during the week of February 19, which is Presidents' Day week.
- Currently, there are 101 legislative days scheduled in the House for the remainder of 2024.
- There are just eight legislative days left until four appropriations bills expire on March 1, 2024, and 12 legislative days until the remaining eight appropriations bills expire on March 8, 2024.



February 2024 Senate Calendar

- There are 11 legislative days scheduled in the Senate for February 2024, with seven legislative days left this month.
- The Senate will be in recess during the week of February 19, which is Presidents' Day week.
- The Senate is also currently scheduled to be in recess during the week of February 12.
 - However, Senate Majority Leader Chuck Schumer has warned that the Senate could be in session for part of that week in order to pass the National Security Supplemental package.
- Currently, there are 115 legislative days scheduled in the Senate for the remainder of 2024.
- There are just eight legislative days until four appropriations bills expire on March 1, 2024, and 12 legislative days until the remaining eight appropriations bills expire on March 8, 2024.

UNITED STATES SENATE
118th Congress, 2nd Session

2024

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				1	2	3							1	2	
7	8	9	10	11	12	13	4	5	6	7	8	9	10	3	4	5	6	7	8	9	
14	15	16	17	18	19	20	11	12	13	14	15	16	17	10	11	12	13	14	15	16	
21	22	23	24	25	26	27	18	19	20	21	22	23	24	17	18	19	20	21	22	23	
28	29	30	31	25	26	27	28	29	24	25	26	27	28	29	30						
SENATE CONVENES JANUARY 8, 2024														31							
APRIL							MAY							JUNE							
	1	2	3	4	5	6				1	2	3	4							1	2
7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8	
14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15	
21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22	
28	29	30	26	27	28	29	30	31	23	24	25	26	27	28	29						
														30							
JULY							AUGUST							SEPTEMBER							
	1	2	3	4	5	6				1	2	3	1	2	3	4	5	6	7		
7	8	9	10	11	12	13	4	5	6	7	8	9	10	8	9	10	11	12	13	14	
14	15	16	17	18	19	20	11	12	13	14	15	16	17	15	16	17	18	19	20	21	
21	22	23	24	25	26	27	18	19	20	21	22	23	24	22	23	24	25	26	27	28	
28	29	30	31	25	26	27	28	29	30	31	29	30									
OCTOBER							NOVEMBER							DECEMBER							
	1	2	3	4	5				1	2	1	2	3	4	5	6	7				
6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14	
13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21	
20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28	
27	28	29	30	31	24	25	26	27	28	29	30	29	30	31							

Red dates = Senate not in session

2ND SESSION CONVENES—JANUARY 8, 2024
TARGET ADJOURNMENT—DECEMBER 20, 2024

Legislative, Political, and Policy Updates and Overviews

Impeachment Proceedings for Secretary Alejandro Mayorkas

- On January 30, the House Homeland Security Committee held a [markup](#) of articles of impeachment against Department of Homeland Security (DHS) Secretary Alejandro Mayorkas. The committee voted along party lines, 18-15, to favorably forward the impeachment resolution ([H.Res. 863](#)) to the full House.
- House Republicans, led by Homeland Security Chairman Mark Green (R-TN), are [charging](#) Mayorkas with “willful and systemic refusal to comply with the law” and a “breach of public trust.”
- Department of Homeland Security (DHS) officials and Democrats assert that the impeachment of Secretary Mayorkas is over policy differences, rather than violations of the law, and is a political stunt.
 - Secretary Mayorkas sent a [letter](#) to Chairman Green on January 30 in which he rejected the Chairman’s charges and stated the impeachment proceedings will not deter him from fulfilling his duties.
 - DHS has also argued that, while a record number of undocumented migrants were encountered at the border in 2023, U.S. Customs and Border Patrol also removed noncitizens at a high rate and have intercepted large amounts of fentanyl.
 - Sen. Mike Rounds (R-SD) recently stated “malfeasance in office is not, the way we read it, a reason for impeachment.”
 - Rep. Ken Buck (R-CO), who voted against impeachment, wrote, “the truth is that this is a policy disagreement masked as an impeachment.”
- On February 6, the House held a vote on the Secretary Mayorkas [impeachment articles](#); however, the vote failed, [214-216](#), meaning Secretary Mayorkas has not been impeached.
 - Three Republicans voted against impeachment: Reps. Buck, Tom McClintock (R-CA), and Mike Gallagher (R-WI). This resulted in a 215-215 tie. Rep. Blake Moore (R-UT) then changed his vote to “Nay” to allow him to offer a motion to reconsider the vote.
 - We understand that House Republican leadership is expected to try to impeach Secretary Mayorkas again. They plan to hold another impeachment vote when House Majority Leader Steve Scalise (R-LA) returns from his medical treatments, which could be as soon as next week.
 - If Republicans hold another impeachment vote when Leader Scalise returns, and no other House Republicans change their positions, then the House could impeach Secretary Mayorkas in a future vote by a tally of 216-215.
- It has been nearly 150 years since a Cabinet official was last impeached. Secretary of War William Belknap was impeached in 1876.



Homeland Security Secretary
Alejandro Mayorkas



House Homeland Security Chairman
Mark Green (R-TN)

FY24 Appropriations



Senate Appropriations Committee Leaders Susan Collins (R-ME) and Patty Murray (D-WA) and House Appropriations Committee Leaders Rosa DeLauro (D-CT) and Kay Granger (R-TX)

- On January 18, Congress approved another short-term Continuing Resolution (CR), averting a partial government shutdown and extending government funding to March 1 and 8, respectively.
- Speaker Johnson had previously promised the CR passed in November would be the last short-term stopgap measure for the FY24 process, leaving many House Republicans frustrated with another short-term extension.
- Among the 108 House votes against the latest CR, 106 were by Republican lawmakers, including Conference Chair Elise Stefanik (R-NY) and Republican Policy Committee Chairman Gary Palmer (R-AL).

FY24 Appropriations

Upcoming Funding Deadlines:

- Congress has until **March 1** to address appropriations for:
 - Agriculture, Food and Drug Administration
 - Energy and Water Development and related agencies
 - Military Construction, Veterans Affairs, and related agencies
 - Transportation, Housing and Urban Development, and related agencies
- Congress has until **March 8** to address appropriations for:
 - Commerce, Justice, Science, and related agencies
 - Defense
 - Financial Services and General Government
 - Homeland Security
 - Interior, Environment, and related agencies
 - Labor, Health and Human Services, Education Legislative Branch
 - State, Foreign Operations, and related programs



Senate and House Appropriations Committee Chair Patty Murray (D-WA) and Ranking Member Susan Collins (R-ME)

FY24 Appropriations



House Minority Leader Hakeem Jeffries (D-NY), Senate Minority Leader Mitch McConnell (R-KY), Senate Majority Leader Chuck Schumer (D-NY), and Speaker of the House Mike Johnson (R-LA)

- A federal government shutdown is still possible as Congress inches closer to the March deadlines created in the most-recent CR.
- Speaker Johnson has committed to fight for his conference's policy priorities, which many view as poison pills that cannot pass the Senate, further delaying a deal before the March deadlines.
- On January 4, the Congressional Budget Office (CBO) sent a [letter](#) to House Budget Committee leaders on the implications of the caps and cuts under the Fiscal Responsibility Act (P.L. 118-5), if Congress triggers these cuts in April by passing a CR through the end of FY25.
- CBO estimates tens of billions of dollars in cuts to both defense and nondefense spending, depending on when a CR is passed.

FY24 Appropriations



OMB Director Shalanda Young, Senate Appropriations Committee Leaders Susan Collins (R-ME) and Patty Murray (D-WA) and House Appropriations Committee Leaders Rosa DeLauro (D-CT) and Kay Granger (R-TX)

- On January 27, congressional appropriations leaders announced an agreement on 302(b) allocations, setting funding levels for each of the 12 appropriations bills and allowing subcommittees to begin proposing funding for agencies and programs.
- Appropriations leaders have not yet publicly published the allocation numbers but are expected to have decreases across the several measures.
- This week, subcommittee cardinals began negotiations with Speaker Johnson on next steps for potential minibuses to ensure FY24 bills pass the House.
- Congressional offices are expecting the FY25 process to begin in mid- to late-March, with a short turnaround for appropriations request deadlines.

FY24 Supplemental Aid and Border Security



Senators Chris Murphy (D-CT) and Kyrsten Sinema (I-AZ), two of the three Senators who negotiated the bipartisan border deal

- For months, Senators Chris Murphy (D-CT), Kyrsten Sinema (I-AZ), and James Lankford (R-OK) worked on a bipartisan national security and border package that would be attached to supplemental appropriations for Ukraine, Israel, and Taiwan.
- On February 4, the Senate negotiators, along with Senate Appropriations Chair Patty Murray (D-WA) and Senate Majority Leader Chuck Schumer (D-NY), released the bipartisan US\$118 billion border security and foreign aid package, which includes US\$60 billion in aid for Ukraine and US\$14.1 billion for Israel. Majority Leader Schumer indicated the Senate will hold procedural votes to pass the package before the end of the week, with the first procedural vote as early as Wednesday, February 7.
- With an even slimmer majority in the House and a 51-49 split in the Senate, it remains to be seen how Congress will pass its FY24 spending bills, provide additional emergency aid, and revamp the current border policies in less than a month.

FY24 Supplemental Aid and Border Security

- The US\$118.28 billion bipartisan border security and foreign aid [package](#), the *Emergency National Security Supplemental Appropriations Act, 2024*, includes the following provisions:
 - US\$60.06 billion to support Ukraine
 - US\$14.1 billion in security assistance for Israel
 - US\$2.44 billion to support operations in the U.S. Central Command and address combat expenditures related to conflict in the Red Sea
 - US\$10 billion in humanitarian assistance to provide food, water, shelter, medical care, and other essential services to civilians in Gaza and the West Bank, Ukraine, and other populations caught in conflict zones across the globe
 - US\$4.83 billion to support key regional partners in the Indo-Pacific region
 - US\$2.33 billion to continue support for Ukrainians displaced by the Ukraine-Russia war, and other refugees fleeing persecution
 - The bipartisan border policy changes negotiated by Senators Murphy (D-CT), Sinema (I-AZ), and Lankford (R-OK)
 - US\$20.23 billion to address existing operational needs and expand capabilities at the nation’s borders, resource the new border policies included in the package, and help stop the flow of fentanyl and other narcotics
 - The *Fentanyl Eradication and Narcotics Deterrence (FEND) Off Fentanyl Act*
 - US\$400 million for the Nonprofit Security Grant Program to help nonprofits and places of worship make security enhancements
- We understand that, as of now, the majority of Senate Republicans oppose this package, and plan to vote “No” on any procedural votes on the Senate floor on this bill. We have heard that Senate Minority Leader Mitch McConnell (R-KY), who supports the package, has recommended to the Senate Republican Conference that they vote against cloture.

National Defense Authorization Act (NDAA)

Background: The NDAA is annual defense legislation that sets the priorities of the Department of Defense (DoD).

FY24 NDAA Update: On December 14, 2023, Congress passed the final version of the FY24 NDAA ([H.R. 2670](#); [Pub. Law No: 118-31](#)), authorizing US\$874.2 billion for the DoD, and sending the text to the president's desk for signature. The final vote in the House was [310-118](#) and the final vote in the Senate was [87-13](#). The House vote was primarily supported by House Democrats after the controversial DoD abortion travel ban policy was removed from the final text. President Biden officially [signed](#) the NDAA into law on December 22, 2023.

FY25 NDAA: At this time, it is unclear if the FY25 NDAA process will be delayed due to the ongoing FY24 appropriations negotiations. This could lead to a delay in the release of the president's budget, which could in turn delay the NDAA process. Typically, we would expect HASC and SASC to begin drafting the new NDAA text in February and March.



Energy and Environment Updates – EV Supply Chains

- On January 11, the Senate Energy and Natural Resources (ENR) Committee held a [hearing](#) “to examine federal electric vehicle incentives including the federal government’s role in fostering reliable and resilient electric vehicle supply chains.”
- Chairman Joe Manchin (D-WV) condemned the Biden administration’s implementation of the EV tax credit. He criticized the administration for stretching the meaning of “free trade agreements” and altering the battery critical mineral sourcing requirement established by Congress.
- Biden vetoes GOP effort to overturn EV charger rule. On January 24, President Biden vetoed a joint resolution ([S.J.Res.38](#)) that would overturn the Federal Highway Administration’s [waiver](#) for EV charger components, like iron and steel, from the domestic sourcing requirements within the Infrastructure Investment and Jobs Act (IIJA). President Biden [argued](#) the resolution would “thwart the collective goal of the Congress and the Administration to establish a domestic EV charger manufacturing industry.”

Energy and Environment Updates – PROVE IT Act

- **Senate EPW approves a bipartisan bill to study manufacturing emissions.** On January 18, the Senate Environment and Public Works (EPW) Committee advanced the *Providing Reliable, Objective, Verifiable Emissions Intensity and Transparency (PROVE IT) Act* ([S.1863](#)) on a bipartisan basis.
 - Introduced by Sens. Chris Coons (D-DE) and Kevin Cramer (R-ND), the legislation would require a study of greenhouse gas emissions intensity of U.S.-produced and foreign-produced manufactured products, including aluminum, cement, iron and steel, biofuels, cement, hydrogen, lithium batteries, natural gas, petroleum products, plastics, refined critical minerals, and solar cells.
 - Sen. Coons described the study as a precursor for a carbon border adjustment mechanism in the U.S.



Sens. Chris Coons (D-DE) and Kevin Cramer (R-ND)

Energy and Environment Updates – New Efficiency Standards

- **DOE finalizes energy efficiency standards, spares gas-stove burners.** On January 29, the Department of Energy (DOE) announced new energy efficiency standards for residential cooking products, such as electric and gas cooktop and oven ranges, that will take effect in 2028.
 - The updated standards, which are widely supported by industry stakeholders and environmental advocates, “are projected to save Americans approximately US\$1.6 billion on their utility bills over 30 years,” according to DOE.
 - The final rule is a scaled back version of DOE’s initial proposal, which included regulations that would have prohibited nearly 50% of the gas stove market. The final rule is projected to impact only 3% of U.S. gas stoves.



Secretary of Energy Jennifer Granholm

Energy and Environment Updates – Personnel Changes



White House Senior Adviser
John Podesta

- **Kerry to depart for Biden reelection campaign.** Special Presidential Envoy for Climate John Kerry intends to vacate his position in early spring to serve on President Biden’s reelection campaign.
 - White House Senior Advisor John Podesta will take over Kerry’s responsibilities, though not his title, while maintaining his climate role in the White House.
- **Batchelder to depart from Treasury Department.** Assistant Secretary for Tax Lily Batchelder will vacate her position at the end of February to return to the NYU School of Law. Batchelder played a critical role in implementing the tax provisions of the IRA and the CHIPS and Science Act. Dr. Aviva Aron-Dine, who currently serves on the National Economic Council staff, will replace her.
- **Rep. Carter appointed to lead E&C subcommittee.** Rep. Buddy Carter (R-GA) will [replace](#) the recently retired Rep. Bill Johnson (R-OH) as Chairman of the House Energy and Commerce (E&C) Committee’s Subcommittee on Environment, Manufacturing, and Critical Materials.



Rep. Earl “Buddy” Carter (R-GA)

Tax Update

- Tax legislation extending certain expired provisions of the TCJA passed the House [357-70](#). The bill now heads to the Senate, where it faces Republican opposition.
 - The bill extends bonus depreciation, full R&D expensing, and the expanded business interest deduction into 2025.
 - The bill also expands the Child Tax Credit, provides for tax treaty-like benefits with respect to Taiwan, expands the Low Income Housing Tax Credit, and provides disaster relief provisions, among others.
- Senate Republicans voiced concerns about the legislation’s Child Tax Credit’s work requirement provisions and about giving the Biden administration a political “win” in an election year.
- Separately, Lily Batchelder, the Assistant Secretary for Tax, outlined “Phase Three” of the implementation of Inflation Reduction Act tax guidance: guidance on tech-neutral IRA credits, sustainable aviation fuel credits, and the 48C energy project credit, among others.



Ways and Means Committee Chair Jason Smith (R-MO)



Senate Finance Committee Chair Ron Wyden (D-OR)

Financial Services Update

- The House Financial Services Committee held a [hearing](#) on legislation by Rep. Andy Barr (R-KY) ([H.R. 760](#)) that would impose sanctions on Chinese tech and defense companies.
 - Republicans and Democrats agreed on the need for measures to restrict U.S. investments in China, with Democrats advocating potentially “unwinding” existing investments.
 - Democrats argued for a sector-based entity-of-concern approach, while Republicans advocated using existing frameworks to impose new sanctions on Chinese entities.
 - Given bipartisan agreement, the legislation may advance as part of an omnibus package or be attached to the NDAA.
- The House Financial Services Committee held a [hearing](#) focused on the implementation of the Basel III Endgame capital requirement proposal.
 - Republicans and Democrats criticized the proposal, suggesting it would reduce access to lending and harm U.S. competitiveness.



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



House Financial Services Committee Ranking Member
Maxine Waters (D-CA)

Education: College Cost Reduction Act

- On January 31, the House Education and the Workforce Committee advanced (22-19) the College Cost Reduction Act (CCRA) ([H.R. 6951](#)), a major piece of Chairwoman Virginia Foxx's (R-NC) effort to reauthorize the Higher Education Act (HEA). The bill includes:
 - Accountability measures, including penalties for institutions when borrowers who attended do not repay their loans
 - Streamlined student loan repayment options into just two plans – a standard 10-year plan and an income-driven repayment plan
 - New loan limits and elimination of Grad/Parent PLUS loan programs
 - Accreditation system reforms
 - Repeal of Biden administration rulemakings, including those relating to gainful employment and financial responsibility
- In response, Democratic committee members, led by Ranking Member Bobby Scott (D-VA), [published](#) their “legislative blueprint” for HEA which includes six bills focusing on affordability, access, and student support.
- Chairwoman Foxx is working with House leadership to determine when the bill will be considered on the floor.



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

Education: Congressional Oversight

- Both parties continue to exercise their oversight authorities to advance education policy priorities.
 - **Antisemitism Investigations**
 - House Republicans continue to investigate claims of antisemitism at [Harvard](#) and opened a new investigation into the [University of Pennsylvania](#).
 - House Ways & Means Committee Chairman Jason Smith (R-MO) sent a [letter](#) questioning federal tax benefits for elite institutions considering their response to antisemitism on campus.
 - **Student Loan Rulemaking**
 - Sen. Elizabeth Warren (D-MA) and nearly 40 Democratic lawmakers [urged](#) the Department of Education to hold an additional [Student Loan Debt Relief Negotiated Rulemaking](#) session to consider debt cancellation for borrowers experiencing financial hardship.
 - The Department [responded](#) by adding a February 22-23 session focused on this topic.
 - **FAFSA Rollout**
 - Republican education committee leaders sent several letters ([here](#) and [here](#)) responding to the department's challenges rolling out the updated Free Application for Federal Student Aid (FAFSA).
 - The department delayed implementation of the FAFSA Simplification Act by several months, with the latest [announcement](#) that it will not transmit FAFSA information to institutions until early March.



Senator Elizabeth Warren (D-MA)

Education: Department Updates

- On January 17, the Biden administration released its [Improving Student Achievement Agenda](#), which aims to promote evidence-based strategies to improve student outcomes in K-12 education. Some of the strategies stemming from the agenda include:
 - Publishing state actions to address absenteeism and extend learning time
 - Improving data collection related to student outcomes
 - Issuing guidelines to combat learning loss
 - Providing resources to help schools combat chronic absenteeism
- In January, the department launched the Program Integrity and Institutional Quality Negotiated Rulemaking, covering cash management, return of Title IV funds, distance education, state authorization, accreditation, and TRIO.
 - The department published updated [issue papers](#) ahead of the second session, taking place February 5-8.
 - The committee will meet again for a final time in March as it attempts to reach consensus before drafting proposed rules.



Secretary of Education Miguel Cardona

Key Program Reauthorizations – Health Updates



- **A number of important health care programs expired on September 30, 2023.**
 - The current CR extends funding for the FDA through March 1 and for HHS through March 8. It also extends funding for key public health programs, including Community Health Centers, the Teaching Health Center Graduate Medical Education Program (THCGME), and the National Health Services Corps, and temporarily averts more than US\$8 billion in Disproportionate Share Hospital (DSH) cuts.
 - The CR does **not** extend the Children’s Graduate Medical Education Program (CHGME) or the Pandemic and All-Hazards Preparedness Act (PAHPA).
- **Next Steps:** While several program reauthorizations could be included in a March spending package, the path forward is unclear, given partisan disagreements around CHGME, PAHPA, and overall federal funding levels.

House of Representatives — Health Updates



House Education & Workforce Chair Virginia Foxx (R-NC)

- **On January 22, House Education & Workforce Chair Virginia Foxx (R-NC) issued a letter and associated request for information (RFI) regarding ways to strengthen the *Employee Retirement Income Security Act (ERISA)* in advance of its 50th anniversary.**
 - Chair Foxx is interested in hearing from stakeholders about (1) ERISA preemption, (2) fiduciary requirements, (3) reporting requirements, (4) prohibited transactions, (5) data sharing, (6) cybersecurity, (7) COBRA and portability, and (8) specialty drug coverage.
- **On January 31, the House Energy & Commerce Committee held a hearing on “Health Care Spending In The United States: Unsustainable For Patients, Employers, And Taxpayers.”**
 - Many members used the hearing to highlight the *Lower Costs, More Transparency Act*, a comprehensive health package focused on price transparency and PBM reform, which passed the House by a 320-71 vote in December 2023.
- **Next Steps:** While the House’s health policy priorities, including the reauthorizations of key public health programs, continue to be delayed by ongoing discussions on appropriations, they could be included in a March spending package. If not, an end-of-year package might offer an additional pathway for passage.

Senate — Health Updates

- **On January 18, Senate HELP held a [hearing](#) on “Addressing Long COVID: Advancing Research and Improving Patient Care.”**
 - During the hearing, patients and medical professionals discussed the impact of Long COVID on patients. Senators largely agreed that the government must become more involved in Long COVID research and support the growing number of Americans impacted by the condition.
- **On January 19, Chair Sanders and Sens. Mike Braun (R-IN), John Hickenlooper (D-CO), and Tina Smith (D-MN) introduced the *Health Care Prices Revealed and Information to Consumers Explained (PRICE) Transparency Act (S. 3548)*.**
 - The bill was introduced following the House’s passage of the *Lower Costs, More Transparency Act (H.R. 5378)*, which includes similar transparency provisions. However, S. 3548 goes further than H.R. 5378 by requiring hospitals to disclose the actual cash price, not the median of the discounted cash prices for a service.
- **On January 25, a bipartisan group of Senators, led by Senate Finance Ranking Member Mike Crapo (R-ID), sent a [letter](#) to President Biden urging him to reject the expansion of the WTO TRIPS Waiver to include COVID-19 diagnostics and therapeutics.**
 - In the letter, the senators argued that “such a waiver would not improve global access to [COVID-related] medicines and would have significant adverse consequences for American manufacturers, innovation, and global competitiveness.”

Senate — Health Updates

- **On January 25, Chair Sanders and Sen. Markey held a [press conference](#) on the HELP Committee’s intention to vote on subpoenaing the CEOs of Merck and Johnson & Johnson (J&J) at a January 31 markup.**
 - Chair Sanders announced the markup following the CEOs of J&J and Merck declining to testify at a January 25 hearing on the cost of prescription drugs in the U.S. The CEO of Bristol Myers Squibb had agreed to testify if at least one other CEO was present.
 - Shortly after the press conference, the CEOs of Merck and J&J [agreed to testify](#) before the committee, dodging Chair Sanders’ subpoena threat. The [hearing](#) is currently scheduled for February 8.
- **On February 2, the Senate 340B Bipartisan Working Group [introduced](#) the [discussion draft](#) of the *Supporting Underserved and Strengthening Transparency, Accountability, and Integrity Now and for the Future of 340B Act (SUSTAIN 340B Act)*.**
 - The bill formally codifies the intent of the 340B program, and also includes provisions related to relevant areas, including: (1) contract pharmacies; (2) patient definition; (3) child sites; (4) transparency; (5) enhancing program integrity; (6) preventing duplicate discounts; (7) equitable treatment of covered entities and participating pharmacies; and (8) a new user fee program.
 - This bipartisan working group includes Sens. John Thune (R-SD), Debbie Stabenow (D-MI), Shelley Moore Capito (R-WV), Tammy Baldwin (D-WI), Jerry Moran (R-KS), and Ben Cardin (D-MD).
 - Responses to the discussion draft and [additional RFI questions](#) are due to the working group by April 1, 2024.

Congressional Oversight Developments — Health Updates



Sen. Tammy Baldwin (D-WI)



HELP Ranking Member Bill Cassidy (R-LA)

- **On January 8, Senate HELP Chair Bernie Sanders (I-VT) and Sens. Tammy Baldwin (D-WI), Ben Ray Lujan (D-NM), and Ed Markey (D-MA) launched an [investigation](#) into AstraZeneca, Boehringer Ingelheim, GSK, and Teva’s inhaler prices for patients with asthma and chronic obstructive pulmonary disease (COPD).**
 - The senators found that the inhalers cost between \$200 and \$600 per month in the U.S., compared to less than \$30 in comparably developed nations, like France and Germany.
 - On January 29, Sen. Baldwin [sent](#) letters to those same pharmaceutical companies, claiming they improperly listed inhaler patents in the FDA’s Orange Book to block the introduction of lower-cost generic alternatives.
 - Earlier that month, Sen. Amy Klobuchar (D-MN) [sent](#) letters to those same companies, as well as AbbVie and Mylan-Viatris, requesting that by the end of January, they remove all patents from the Orange Book identified by the FTC as improperly or inaccurately listed.
- **On January 17, Senate HELP Ranking Member Bill Cassidy (R-LA) [sent](#) letters to CVS Health and Walgreens regarding their participation in the 340B Drug Pricing Program.**
 - In the letter, Ranking Member Cassidy said the companies’ participation in 340B results in “significant profits,” but he questioned whether it leads to direct patient benefits. Cassidy requested responses to various questions related to the companies’ business relationships with covered entities and contract pharmacies, among other issues.
 - The letters are part of Cassidy’s ongoing investigation into 340B and follow previous oversight letters sent to hospitals and other providers across the country.
- **On January 22, a bipartisan group of senators, led by Sens. Chuck Grassley (R-IA) and Maria Cantwell (D-WA), wrote a [letter](#) to FTC Chair Lina Khan urging action on the agency’s ongoing investigation into PBMs’ business practices.**
 - According to the senators, the FTC has failed to provide significant updates on the investigation, though it has been open for over 18 months.

Federal Agencies – Health Updates

- **On January 5, the FDA [announced](#) it [authorized](#) Florida’s Agency for Health Care Administration’s drug importation program under section 804 of the *Federal Food, Drug, and Cosmetic Act* (FD&C Act).**
 - This marks the first time the FDA has granted such permissions to a state for drug importations. Florida will now begin submitting specific medicines to the FDA for review and approval and begin negotiations with Canada.
- **On January 17, CMS finalized its Interoperability and Prior Authorization Final Rule ([CMS-0057-F](#)).**
 - The rule sets requirements for Medicare Advantage (MA) organizations and other programs to improve the electronic exchange of health information and prior authorization processes for medical items and services.
 - In response to the finalized rule, a group of bipartisan, bicameral members, including Sen. Roger Marshall (R-KS) and Rep. Suzan DelBene (D-WA), issued a [statement](#) welcoming the regulation.
 - House Ways & Means Chair Jason Smith (R-MO) published a similar [press release](#) praising the finalized rule and touting his committee’s [passage](#) of the *Improving Seniors’ Timely Access to Care Act* ([H.R. 3172/S. 3018](#)), which includes prior authorization policies that go a step further than the rule. There is now renewed interest in moving the bipartisan bill, as it could receive a lower CBO score due to the rule’s expected savings.

Biden Administration — Health Updates



Vice President Kamala Harris

- On January 31, oral arguments **began** in AstraZeneca’s challenge to the IRA’s Medicare drug price negotiation provision.
- On January 16, the DOJ **moved to withdraw** its appeal of a copay accumulator decision.
 - The decision struck down HHS’ rule that allowed insurers not to count drug manufacturer copay assistance towards a beneficiary’s deductible and out-of-pocket maximum.
 - This development follows a January 3 letter **led** by Sens. Marshall and Tim Kaine (D-VA) to the Departments of HHS, Labor, and Treasury related to recent legal activity surrounding copay accumulators.
 - The senators support limiting the use of copay accumulators, as they believe it leads to higher prescription drug costs for patients.
- In honor of the 51st anniversary of Roe v. Wade, the White House **announced** a series of actions to expand access to contraceptive care.
 - Vice President Kamala Harris launched a nationwide tour as part of the White House’s initiatives.
 - HHS and CMS also **launched** an educational program for hospitals regarding patients’ rights to emergency medical care.

California Legislators Introduce New Bills

- Legislators have until February 16 to introduce new legislation.
- Thus far, artificial intelligence and privacy issues have emerged as key areas of focus. Key bills include:
 - [AB 1949](#): prohibits the selling or sharing of the personal information of users under 18 years of age, unless authorized
 - [SB 976](#): “Social Media Youth Addiction Law”: would make it unlawful for the operator of an addictive social media platform to provide an addictive feed to a user that is a minor
 - [AB 1791](#): includes provisions that would require California-based generative AI companies to implement specific open standards and content into their tools and platforms
 - [AB 1824](#): intends to require disclosure for content generated with AI
 - [SB 892](#): would prohibit the state from entering into a contract for AI services unless the AI services meets established standards



Update on California's Budget Deficit

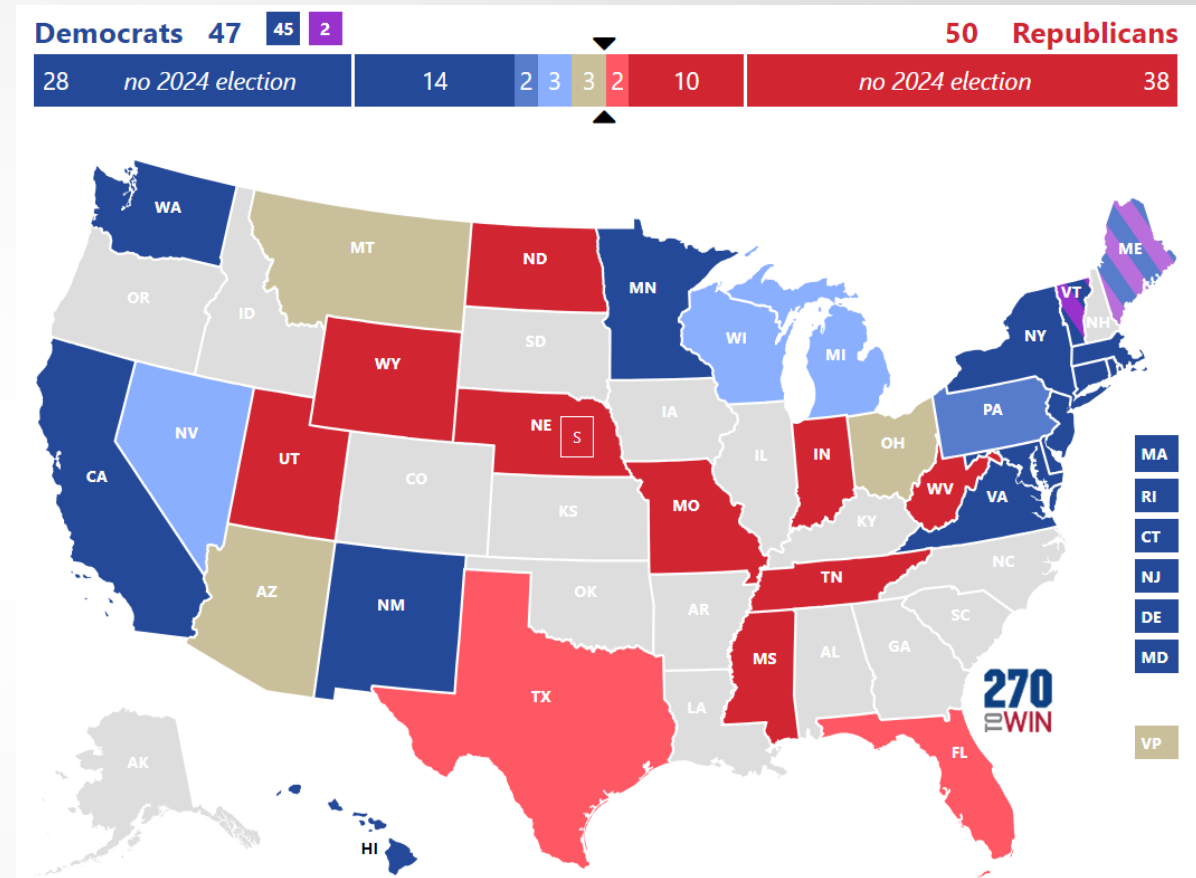
- On January 10, Governor Gavin Newsom (D) [released](#) his proposed budget for 2024-2025, which seeks to close a US\$37.9 billion deficit.
 - This budget shortfall is nearly half of what the nonpartisan Legislative Analyst's Office (LAO) [projected](#), US\$68 billion, in December.
- Much of the difference in the administration's and LAO's numbers is due to projected revenues – the LAO expects lower revenue collections.
- Data on January income tax withholding in California shows the state collected US\$1 billion less than projected. The numbers do not reflect smaller revenues, such as sales tax.
- The legislature will soon begin budget committee hearings on the governor's proposed budget.



State of Play of the 2024 Elections

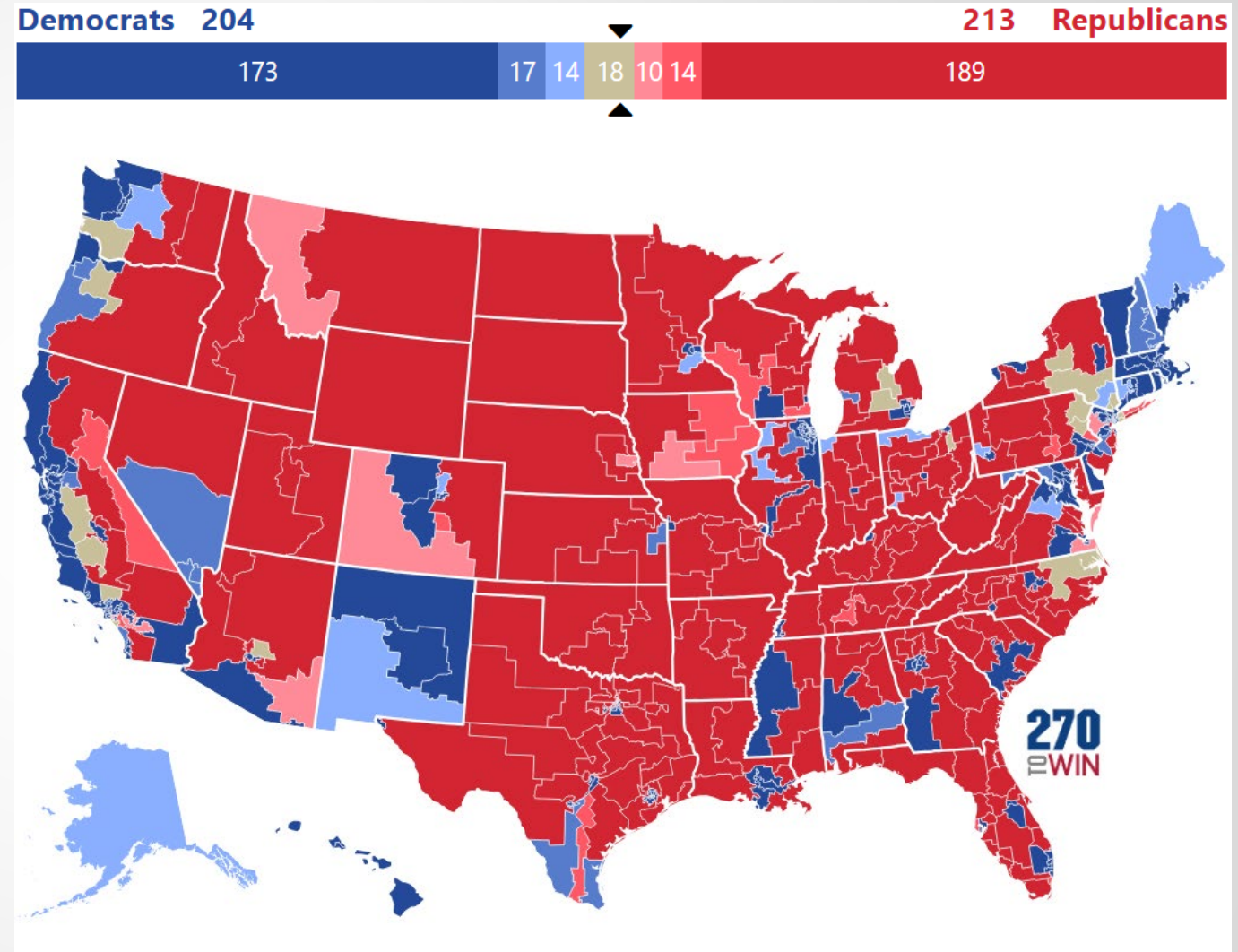
Senate 2024 Outlook

- Democrats have a very narrow 51-49 majority, and have 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).
 - Sen. Joe Manchin (D-WV) announced this past November that he will not seek re-election in 2024. This all but guarantees that the Republicans will pick up this Senate seat in November 2024.
- 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; of the 11 GOP seats up for election, nine seats are “Safe R,” and two seats are “Likely 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 currently favored to win back the chamber in 2024.



House 2024 Outlook

- Republicans currently have a razor thin majority of 219-212. 218 is needed for a majority.
- Although it is early, for the 2024 elections, 190 seats are currently projected as “Safe R,” while 213 seats are rated as Safe, Likely, or Leans R.
- On the other hand, for 2024, 173 seats are rated as “Safe D,” while 204 seats are rated as Safe, Likely, or Leans D.
- While North Carolina Republicans gerrymandered their congressional map a few months ago, New York Democrats might soon gerrymander their respective map, which could impact electoral projections for the House in 2024.



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

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

Total seats rated Safe Democratic: 173

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)	CO-3 Open (Boebert)	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)
NY-3 Open (Santos)	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)
SAFE REPUBLICAN FLIPS (3)		
NC-14 Open (Jackson)		
NC-6 Open (Manning)		
NC-13 Open (Nickel)		

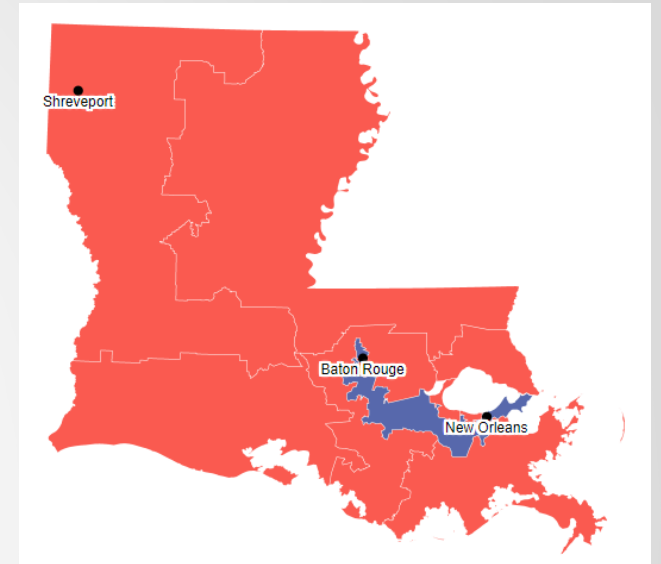
Total seats rated Safe Republican: 190

Total seats rated Safe, Likely, or Leans R: 213

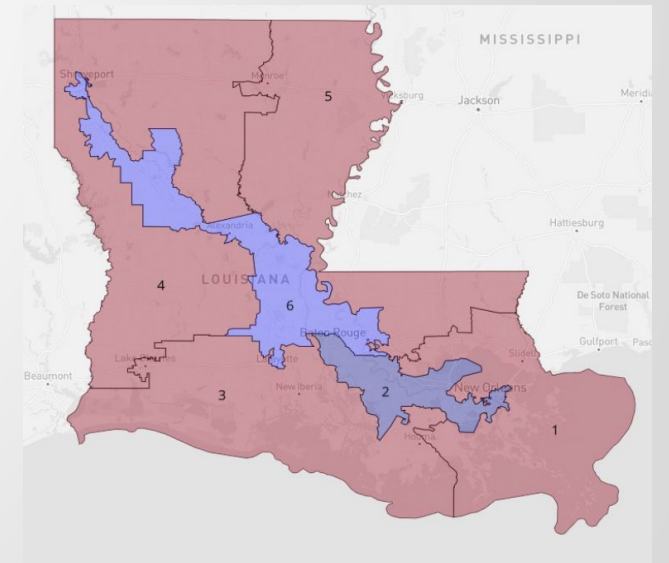
Louisiana Implements a New Congressional Map for 2024

- On January 22, Louisiana Governor Jeff Landry (R) signed a new congressional map for the state into law. The map will be in effect for the 2024 election.
- The new map creates a second majority-Black district, complying with a U.S. federal court order. This new district, the 6th district, will extend from Baton Rouge up to Shreveport in the northwestern part of the state. The district will also include Alexandria and parts of Lafayette. This district will likely flip to the Democrats in November.
- Incumbent Rep. Garret Graves (R-LA) currently represents Louisiana's 6th district under the current (now old) map, putting him in danger of losing his seat.
 - Other proposals for a new map would have impacted the 5th district instead, which is represented by Rep. Julia Letlow (R-LA). However, multiple Republican state lawmakers said they wanted to protect her seat since she is Louisiana's only female member of Congress.

Current Louisiana Map



New Louisiana Map



Louisiana Implements a New Congressional Map for 2024

- Louisiana implemented this new map as a result of a U.S. federal appeals court ruling which found that the state's congressional map that was in use for the 2022 elections was in violation of the Voting Rights Act. This forced state lawmakers to add a second majority-minority district.
- Governor Landry, who previously defended the state's old congressional maps in court as Louisiana's attorney general, called a special legislative session on his first day as governor to pass a new map. He did so to avoid having the new map drawn by a federal court.
- Some legal and electoral experts have pointed out that the new 6th district resembles a Louisiana congressional district that federal courts struck down in the 1990s, and thus this new district could risk a legal challenge.



Louisiana State Capitol Building

2024 Democratic Presidential Primary

- Incumbent President Joe Biden (D) is the presumptive Democratic nominee for president in 2024.
- The primary is not officially over yet though, and he is currently facing Marianne Williamson and Rep. Dean Phillips (D-MN).
- President Biden currently has a large 72.2% to 6.5% lead over Williamson in the Real Clear Politics (RCP) average.
- President Biden won the New Hampshire primary by over 44 points despite not even appearing on the state's ballot; he won via a write-in campaign.
- Rep. Phillips currently has an average of 4.0% in the polls.



Incumbent President Joe Biden

2024 Republican Presidential Primary

- There are now only two major candidates left in the Republican presidential primary: former President Donald Trump and former UN Ambassador Nikki Haley.
- Florida Governor Ron DeSantis dropped out on January 21 and Vivek Ramaswamy dropped out on January 15. Both men endorsed former President Trump upon dropping out.
- Former President Trump currently holds a commanding lead over former Ambassador Haley of 72.7%-18.7%.
- Mr. Trump is the overwhelming favorite to secure the Republican nomination.



Former President
Donald Trump



Former UN Ambassador
Nikki Haley

Factors That Could Impact the 2024 Political Landscape

January 2024 Jobs Report Surpasses Expectations

- On February 2, the U.S. Department of Labor's Bureau of Labor Statistics [announced](#) (1) total nonfarm payroll employment increased by 353,000 in January 2024 and that (2) the unemployment rate was unchanged at 3.7%.
 - Economists had expected an increase of 185,000 jobs in January, so the January jobs report far exceeded estimates.
 - The November 2023 number was revised up by +9,000, from +173,000 to +182,000, and the December 2023 number was revised up by +117,000, from +216,000 to +333,000.
 - The 3.7% unemployment rate is slightly below economists' forecasts (3.8%). Unemployment has now been below 4% for 24 consecutive months.
- Average hourly earnings were up 0.6% for January, double the 0.3% forecast, while wages are up 4.5% from a year ago, well above the 4.1% forecast.
- Professional and business services was the leading industry, with a net gain of 74,000 jobs. Other leading industries included health care, with 70,000, retail trade, with 45,000, government, with 36,000, social assistance, with 30,000, and manufacturing, with 23,000.
- The employment report for February 2024 will be [released](#) on March 8, 2024.



Inflation Report

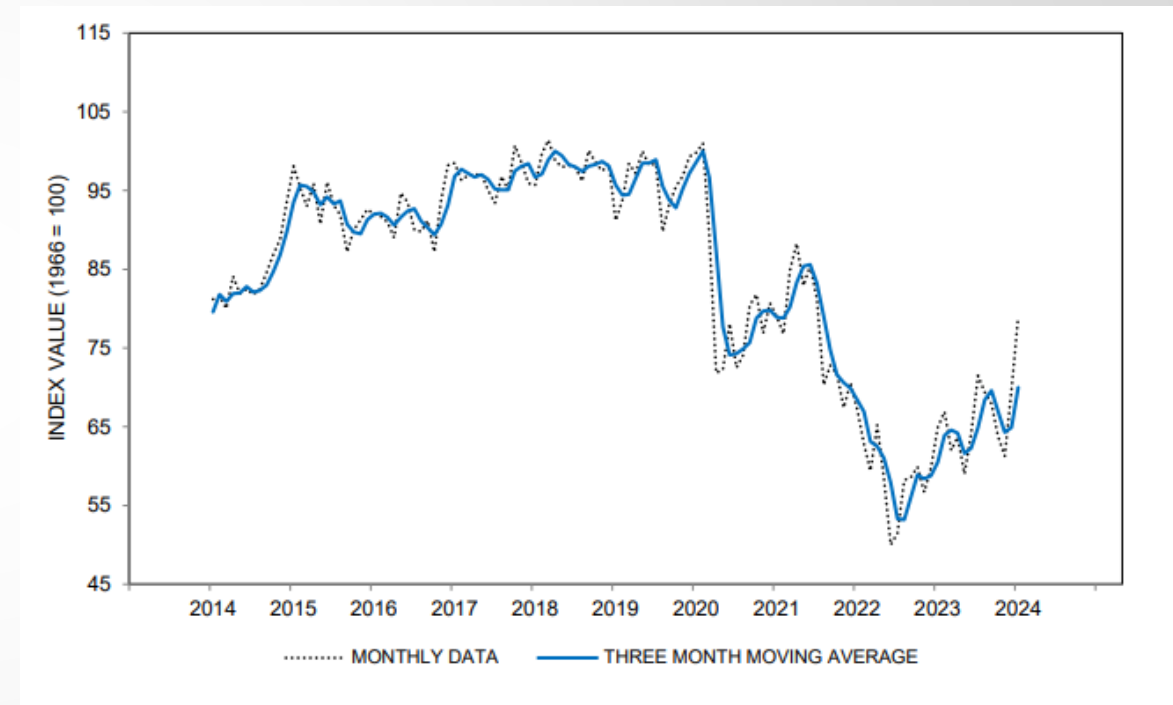
- On January 11, the U.S. Bureau of Labor Statistics [announced](#) the Consumer Price Index (CPI) increased by 0.3% in December 2023 on a seasonally adjusted basis.
 - Economists had expected a 0.2% gain in December.
- The Bureau of Labor Statistics also reported that the CPI increased 3.4% from December 2022.
 - Economists had expected a 3.2% annual gain for December.
 - Inflation was 3.4% for the full year of 2023, which is down from 6.5% in 2022.
- “Core CPI,” which excludes food and energy prices, rose by 0.3% in December 2023 and 3.9% on an annual basis from November 2022; both of these figures were in line with expectations.
 - The year-over-year core reading is the lowest since May 2021.
 - Housing and rent accounted for more than half the core CPI increase. On an annual basis, shelter costs increased by 6.2%, which was two-thirds of the increase in inflation.
- The Federal Reserve aims for a 2% annual inflation rate over the long term.
- The CPI report for January 2024 will be [released](#) on February 13.



Consumer Sentiment Report

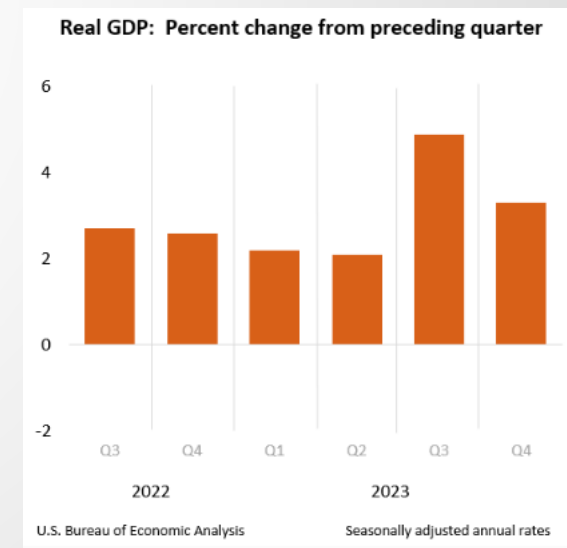
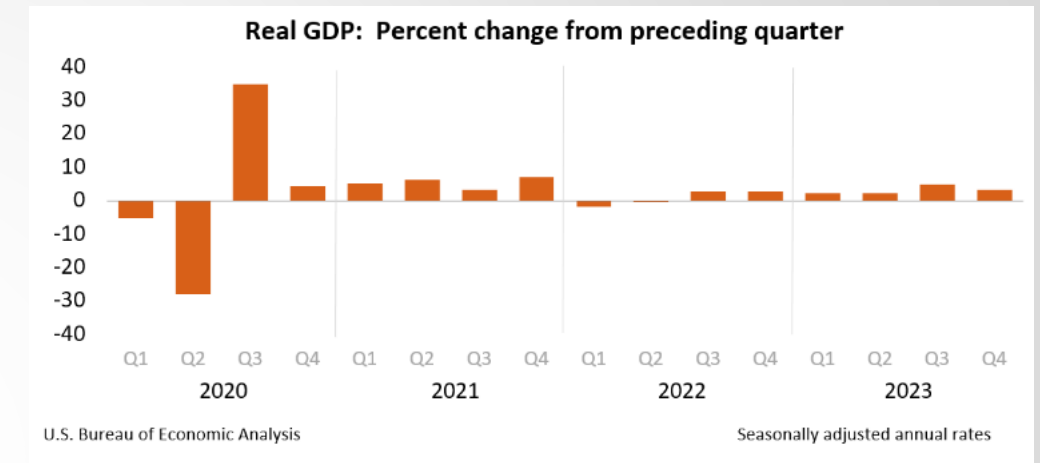
- Consumer sentiment for January 2024 stands at 79.0, which is a +13.3% increase from December 2023 (69.7).
 - This is an annual increase of +21.7% from January 2023 (64.9).
 - This is now back-to-back months of significant increases in the consumer sentiment report.
 - The December 2023 reading of 69.7 was a +13.7% increase from November's reading of 61.3, and a +16.6% increase from December 2022 (59.8).
- The Index of Consumer Sentiment varies by political party
 - 101.7 among Democrats
 - 74.6 among Independents
 - 56.3 among Republicans
- Year-ahead inflation expectations fell from 4.5% in November 2023, and 3.1% in December 2023, to 2.9% in January 2024.

The Index of Consumer Sentiment



Q4 2023 Gross Domestic Product (GDP) Report

- On January 25, the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) [announced](#) that U.S. real gross domestic product (GDP) increased at an annual rate of 3.3% in the 4th quarter of 2023.
 - Economists had expected an increase of 2% in Q4, so the Q4 GDP report exceeded estimates.
 - In Q3 2023, real GDP increased by 4.9%.
- For calendar year 2023, GDP accelerated at a 2.5% annualized pace.
 - This was ahead of economists' and Wall Street's collective projection of little to no GDP gains for the year.
 - 2023's 2.5% annualized pace was higher than the 1.9% increase in 2022.
- Core prices for personal consumption expenditures (PCEs), which is a longer-term inflation measure, rose 2% for Q4 2023; the headline rate was 1.7%.
- On an annual basis, the PCE price index increased by 2.7%, notably down from 5.9% the year prior. The core PCE (which does not include food and energy, increased by 3.2% annually, compared to 5.1% the year before.
- Increased consumer spending during Q4 2023 (+2.8%), as well as increased state and local government spending (+3.7%) and increased federal government spending (+2.5%), all contributed to Q4's real GDP growth.



Thank you

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