



Arnold & Porter

Innovative. Integrated. Industry-Focused.

Capital Snapshot

April 2024

This Month's Capital Snapshot Deck Includes

- An overview of the upcoming congressional schedule, including key dates in April 2024
- A run-through of notable congressional developments, including a Motion to Vacate being filed against Speaker Mike Johnson (R-LA), recent House Republican retirements that are leading to a shrinking House Republican majority, and the status of House seat vacancies and upcoming related special elections
- 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

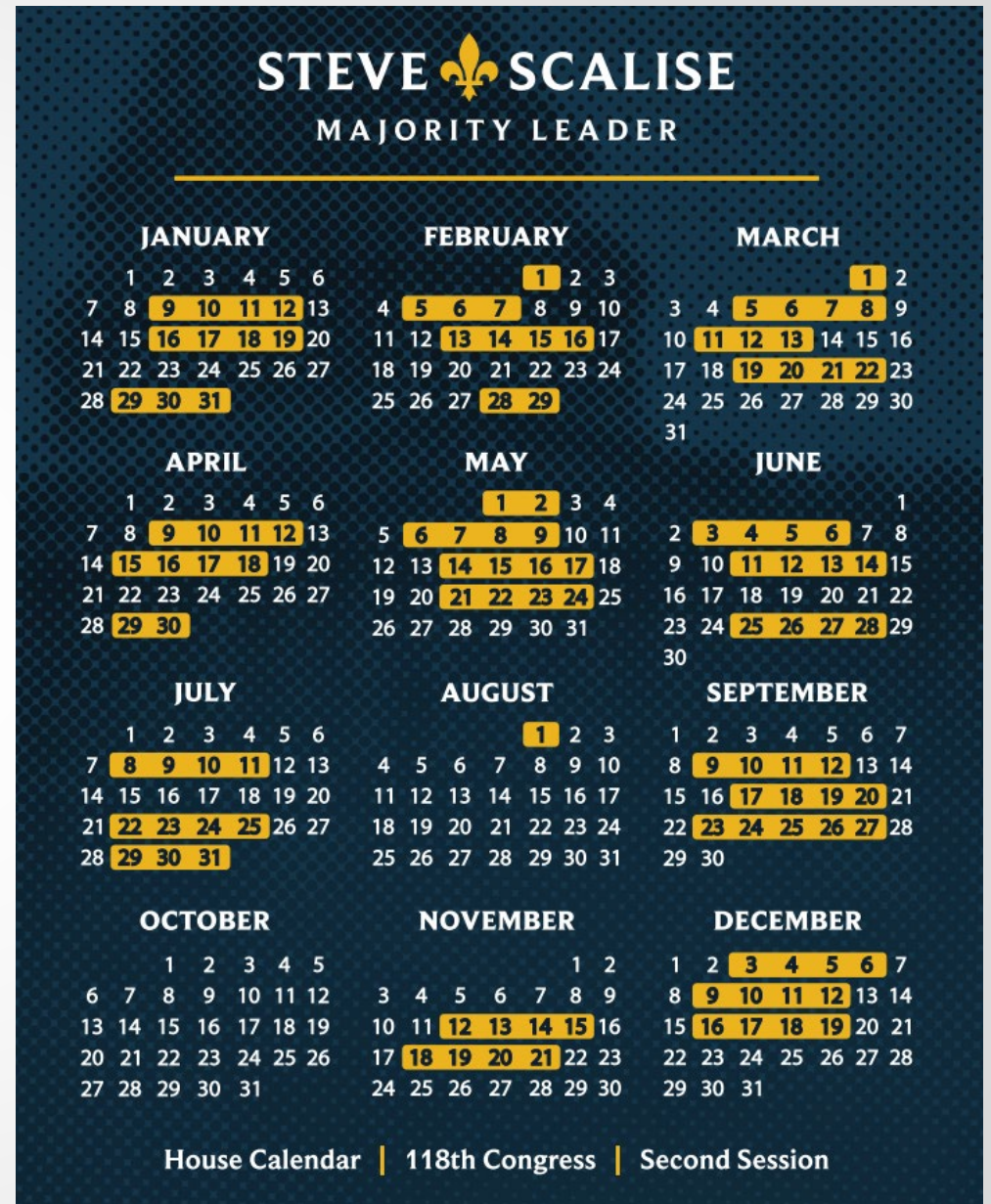
Table of Contents

- Congressional Schedule for April 2024..... Slide 4
- Legislative, Political, and Policy Updates and Overviews..... Slide 7
 - Motion to Vacate Filed Against Speaker Mike Johnson..... Slide 8
 - New House Retirements Lead to Shrinking House Republican Majority..... Slide 9
 - Status of House Seat Vacancies and Relevant Upcoming Special Elections..... Slide 10
 - FY24 and FY25 Appropriations..... Slide 11
 - Department of Defense and the FY25 NDAA..... Slide 15
 - Tax Update..... Slide 16
 - Financial Services Update..... Slide 17
 - Artificial Intelligence Update..... Slide 18
 - Energy and Environment Update..... Slide 19
 - Education Update..... Slide 22
 - Health Care Update..... Slide 25
 - California Update..... Slide 31
- State of Play of the 2024 Elections..... Slide 35
- Factors That Could Impact the 2024 Political Landscape..... Slide 40

Congressional Schedule for April 2024

April 2024 House Calendar

- There are 10 legislative days scheduled in the House for April 2024.
- The House will be in recess during the week of April 22 in observance of Passover.
- The House was also on recess the week of April 1, the second week of the two-week Easter recess.
- Currently, there are 81 legislative days scheduled in the House for the remainder of 2024.



April 2024 Senate Calendar

- There are 12 legislative days scheduled in the Senate for April 2024.
- The Senate will be in recess during the week of April 22 in observance of Passover.
- The Senate was also on recess the week of April 1, the second week of the two-week Easter recess.
- Currently, there are 93 legislative days scheduled in the Senate for the remainder of 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 | 31 | | | | |
| <small>SENATE CONVENES JANUARY 8, 2024</small> | | | | | | | | | | | | | | | | | | | | |
| APRIL | | | | | | | MAY | | | | | | | JUNE | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | 6 | | | | 1 | 2 | 3 | 4 | | | | | | | 1 |
| 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

Motion to Vacate Filed Against Speaker Johnson

- On March 22, 2024, as the House was considering the minibus package on the Floor, Rep. Marjorie Taylor Greene (R-GA) [filed](#) a Motion to Vacate the Chair, which, if agreed to, would remove Speaker Mike Johnson (R-LA) from the speakership.
- Rep. Greene justified filing the Motion to Vacate by [arguing](#) “the current Speaker has shown he cannot stand up to the Democrats.”
- Rep. Greene and other members of the hardline conservative House Freedom Caucus were upset over passage of the second minibus spending package, the Further Consolidated Appropriations Act, 2024 ([P.L. No: 118-47](#)), that same day. This US\$1.2 trillion appropriations package included six appropriations bills.
- Rep. Greene did not ask for “privilege” for her motion, meaning the House is not required to bring it up for a vote at this time.
- However, she has threatened to ask for privilege and force a vote in the future, and remarked in an interview that her motion was “a warning and a pink slip” for the Speaker.

Rep. Marjorie Taylor
Greene (R-GA)



Speaker Mike
Johnson (R-LA)



Two More House Republicans Retire, Shrinking the House GOP Majority

- On March 22, 2024, shortly after the House voted on the minibus package, Rep. Mike Gallagher (R-WI), who is the Chairman of the Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party, [announced](#) he will resign from his congressional seat effective April 19, 2024.
 - Rep. Gallagher had originally [announced](#) on February 10, 2024 that he would retire at the end of his term at the end of 2024.
 - Rep. Gallagher's original retirement [announcement](#) came just a few days after he was one of only three Republicans to [vote against](#) the [impeachment](#) of Homeland Security Secretary Alejandro Mayorkas.
- Additionally, Rep. Ken Buck's (R-CO) previously-announced [resignation](#) became [effective](#) on March 22, 2024.
- Including Rep. Buck's departure, once Rep. Gallagher leaves Congress on April 19, 2024, there will be 217 Republicans and 213 Democrats, which is just a **one-vote** majority for House Republicans.

Rep. Mike Gallagher
(R-WI)



Former Rep. Ken
Buck (R-CO)



Status of House Vacancies and Relevant Upcoming Special Elections

- The House currently has four vacancies and will soon have five. When Rep. Mike Gallagher resigns on April 19, 2024, there will be **217 Republicans** and **213 Democrats**.
 - Rep. Brian Higgins (D-NY-26) resigned on February 2, 2024 to become the President and CEO of the Shea’s Performing Arts Center in Buffalo, New York.
 - The special election for this seat will take place on April 30, 2024. The Democratic candidate will be state Senator Tim Kennedy, and the Republican candidate will be West Seneca Town Supervisor Gary Dickson.
 - This seat is “Likely-Safe D,” so after this special election, the House will likely stand at **217 Rs** and **214 Ds**, a **one-vote** GOP majority.
 - Former Speaker Kevin McCarthy (R-CA-20) resigned from his congressional seat effective December 31, 2023.
 - The primary for the special election occurred on March 19, 2024, and the special election will take place on May 21, 2024. The top two finishers in the primary were State Assemblyman Vince Fong (R-CA), who was the former District Director for now-former Rep. Kevin McCarthy (R-CA), and Tulare County Sheriff Mike Boudreaux (R-CA).
 - Since a Republican is now guaranteed to win this seat, after this special election, the House will then stand at **218 Rs** and **214 Ds**, still a **one-vote** GOP majority.
 - Rep. Bill Johnson (R-OH-6) resigned effective January 21, 2024 to become the new President of Youngstown State University.
 - The primary for the special election occurred on March 19, 2024, and the special election will take place on June 11, 2024. The Republican candidate will be State Senator Michael Rulli (R-OH) and the Democratic candidate will be Michael Kripchak (D-OH).
 - This seat is “Safe R,” so after this special election, the House will then very likely stand at **219 Rs** and **214 Ds**, a **two-vote** GOP majority.
 - Rep. Ken Buck (R-CO-4) resigned effective March 22, 2024.
 - There was no primary for this seat; instead, each party’s nominee was selected by a committee of party leaders and elected officials in the 4th congressional district. The GOP nominee is Greg Lopez, the former mayor of Parker, Colo., and the Dem nominee is Trisha Calvarese.
 - This seat is “Safe R,” so after this special election (to be held on June 25, 2024), the House will then very likely stand at **220 Rs** and **214 Ds**, a **two-vote** GOP majority.
 - After Rep. Gallagher (R-WI-8) resigns on April 19, 2024, there will **not** be a special election for his seat. His resignation will occur at a point in which Wisconsin law stipulates that the seat be filled in the November general election.

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)

- On March 8, 2024, Congress passed the [first](#) minibus package, which included half of Fiscal Year (FY) 2024 appropriations bills:
 - Agriculture-Rural Development-FDA
 - Commerce-Justice-Science
 - Energy and Water
 - Interior-Environment
 - Military Construction-Veterans Affairs
 - Transportation-Housing-Urban Development
- On March 22, 2024, Congress passed the [second](#) minibus package, containing the remaining six FY24 appropriations bills:
 - Defense
 - Financial Services and General Government
 - Homeland Security
 - Labor, Health and Human Services, Education
 - Legislative Branch
 - State, Foreign Operations
- The second spending package, which totaled US\$1.2 trillion, concludes negotiations for the FY24 government funding cycle, nearly six months after the start of the fiscal year on October 1, 2023.

FY24 Appropriations

- Speaker Mike Johnson (R-LA) relied heavily on Democratic votes to pass the second FY24 minibuss package, which passed the chamber 286-134 on March 22, 2024.
- Only 101 Republican House members voted in favor of the bill, less than half of the then-219-member Republican conference.
- To avoid a government shutdown, Speaker Johnson held a vote on the bill less than 36 hours after the bill text was published, breaking House Republican leadership's rule to provide lawmakers at least 72 hours to review legislation before voting.
- After the House approved the package, Rep. Marjorie Taylor Greene (R-GA) filed her motion to remove Johnson as Speaker.



Speaker Mike Johnson (R-LA)

FY25 Appropriations Cycle Begins

- After the House passed the second FY24 minibus on March 22, 2024, House Appropriations Chairwoman Kay Granger (R-TX) [announced](#) she would step down early from her leadership position. She will remain on the committee as Chair Emeritus. She previously announced last November she will not seek reelection.
- The race for a new Republican leader of the committee has begun, with Rep. Tom Cole (R-OK), a senior committee member, seen as the frontrunner to succeed Chairwoman Granger.
- Nine cardinals, or subcommittee leaders on the Appropriations Committee, signed a letter in support of Rep. Cole's bid for the gavel.
- The vote on new Chair is expected to occur once Congress returns to Washington on April 8, 2024.
- With the Chair vacancy, members are awaiting committee guidance on appropriations submission deadlines for the FY25 cycle, which is already off to a delayed start.



Current House Appropriations Chair Kay Granger (R-TX)

FY25 Appropriations Cycle Begins



President Joe Biden and Office of Management and Budget (OMB)
Director Shalanda Young

- On March 11, 2024, the FY25 appropriations process began in earnest when President Joe Biden released his [FY25 Presidential Budget Request \(PBR\)](#).
- While the PBR has no legal bearing, it lays out the administration's federal agency budgetary priorities for FY25 and is used to support legislative requests and campaign messaging.
- In March, House and Senate committees began holding budget request hearings with agency heads on their respective budget justifications.
- OMB Director Shalanda Young, Treasury Secretary Janet Yellen, Health and Human Services Secretary Xavier Becerra, and Energy Secretary Jennifer Granholm were among those who testified before the House Appropriations Committee on their agencies' FY25 funding priorities.

National Defense Authorization Act (NDAA)

Background: The NDAA is the annual defense legislation setting 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 “must-pass” bill by many in Congress, leading to a bipartisan, bicameral process to ensure passage.

FY25 NDAA Update: President Biden’s FY25 Budget Proposal (PB) was released on March 11, 2024, providing Congress with DOD’s wish list for the upcoming fiscal year. Meanwhile, the House Armed Services Committee (HASC) has already begun work on drafting its version of the FY25 NDAA, setting a member priority deadline for March 1, 2024.

The Senate Armed Services Committee (SASC) has set a later deadline for April 8, 2024 for member requests. Both committees will hold the annual DOD budget hearings this month. HASC and SASC committee markups will begin once the committees have been able to draft the Chairmans’ marks, likely in May.



Tax Update

- Bipartisan, House-passed legislation to extend expiring provisions of the Tax Cuts and Jobs Act remains stalled in the Senate as a deal before 2025 becomes increasingly unlikely.
 - Senate Finance Committee Ranking Member Mike Crapo (R-ID) has indicated that negotiations are “at a standstill.” He, together with certain Senate Republicans, retain concerns about the Child Tax Credit. Chairman Wyden has offered concessions on this point, but these have not altered Sen. Crapo’s position.
 - Majority Leader Schumer continues to indicate the Senate could take up the bill notwithstanding Sen. Crapo’s opposition around April 15, 2024. Interviews conducted by the Washington Post suggest a number of Republican Senators [back the legislation](#), sufficient to enact the measure, but are not ready to buck Sen. Crapo’s opposition.
- The Ways and Means Committee will hold its [initial hearing](#) into the tax policy questions about the expiration of the Tax Cuts and Jobs Act individual, estate, and gift tax provisions on April 11, 2024.



Senate Finance Committee Chair Ron Wyden (D-OR)



Senate Finance Committee Ranking Member
Mike Crapo (R-ID)

Financial Services Update

Crypto Developments

- Chair McHenry continues to seek a bipartisan pathway to bring a [bill](#) to provide regulatory certainty to the digital asset industry to the Floor. He was recently quoted saying “we have a couple opportunities ahead before the election to see real policy” and move the crypto market structure reform bill.
- He was more confident a separate [bill](#) regulating stablecoins, which also passed committee by a bipartisan vote, could soon become law given that President Biden and Democrats have also said new laws are needed.



House Financial Services Chair
Patrick McHenry (R-NC)

Senate Banking Committee Focusing on Housing

- Following last month’s [hearing](#) to examine proposals to address housing affordability and availability, Chair Brown introduced the Housing Supply Fund Act ([S. 3928](#)) and Affordable Housing Preservation and Protection Act ([S. 3931](#)) to expand and preserve the supply of affordable housing.
- On March 21, 2024, Ranking Member Scott sent a [letter](#) to HUD asserting the administration’s policies contributed to a lack of affordable housing.
- Reportedly, the committee staff is negotiating a compromise package that could be marked up later this year.



Senate Banking
Chair Sherrod
Brown (D-OH)



Senate Banking
Ranking Member
Tim Scott (R-SC)

Artificial Intelligence Update

- The bipartisan House AI task force held initial meetings this month, which focused on identifying a slate of actionable legislative priorities to inform the committee’s agenda for the remainder of the year.
 - Unlike the Senate’s AI working group, the House task force will focus on legislation rather than member education, which the House AI Caucus will lead.
- Several agencies made progress implementing the Biden administration’s AI executive order this month, including:
 - The Department of Treasury issued a [report](#) detailing AI-related financial risks, including a lack of common terminology.
 - NTIA released an [AI Accountability Policy Report](#) providing eight recommendations for the development of trustworthy AI.
 - OMB published the administration’s [final guidance](#) governing the use of AI in the executive branch.



Rep. Ted Lieu (D-CA),
House AI Task Force Co-Chair



Rep. Jay Obernolte (R-CA),
House AI Task Force Chair

Energy and Environment Updates – Energy Week

- As part of a series of votes during the House Republican-branded “Energy Week,” the chamber passed the following bills, largely along party lines:
 - Restoring American Energy Dominance Act ([H.R. 6009](#)), which would block Biden administration efforts to raise royalty rates of fossil fuels produced on public lands
 - Protecting American Energy Production Act ([H.R. 1121](#)), which would prohibit the President from placing a moratorium on fracking unless authorized by Congress
 - Creating Confidence in Clean Water Permitting Act ([H.R. 7023](#)), which would streamline and ease permitting requirements for projects in waters of the United States
- The White House issued statements of administration policy in strong opposition to each of the bills.
- The House also approved non-binding resolutions condemning the Biden administration’s energy policies ([H. Res. 987](#)) and finding a carbon tax to be detrimental to the U.S. economy ([H. Con. Res. 86](#)).



Rep. August Pfluger (R-TX) and Speaker Mike Johnson (R-LA)

Energy and Environment Updates – DOE Budget Request



Energy Secretary Jennifer Granholm



Rep. Chuck Fleischmann (R-TN)

- The President’s Budget Request advocated for US\$51.4 billion in funding DOE in FY25, a slight increase over the US\$50.2 billion appropriated to the agency in FY24.
- On March 20, 2024, the House Appropriations Energy and Water Development Subcommittee held a [hearing](#) to assess the FY25 request for the Department of Energy (DOE), with DOE Secretary Jennifer Granholm appearing as the sole witness.
- During the hearing, Subcommittee Chair Chuck Fleischmann (R-TN) and Ranking Member Marcy Kaptur (D-OH) advocated for continued support of DOE nuclear programs and the Office of Science to ensure the United States maintains a technological edge in emerging fusion energy technologies.
- Republicans criticized a “disproportionate” focus on energy efficiency and renewable energy and holding back tens of billions of dollars in unobligated funds from the Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA), while Democrats defended the clean energy investment made under the two laws.

Energy and Environment Updates – FERC Commissioners

- On March 21, 2024, the Senate Energy and Natural Resources Committee held a [hearing](#) to consider the nomination of three individuals to serve as commissioners on the Federal Energy Regulatory Commission (FERC): Judy Chang, David Rosner, and Lindsay See.
- The trio will fill the two vacant seats on the five-seat commission and replace FERC Commissioner Allison Clements, who recently announced her intent to depart the commission when her term expires in June.
- During the hearing, the nominees reiterated their commitment to ensure grid reliability remains the primary goal of FERC.
- While all three nominees enjoyed varying levels of bipartisan support from members of the committee, each nominee still faced questioning over aspects of their record – Ranking Member John Barrasso (R-WY) criticized Democratic nominee Chang for previously blocking natural gas pipelines and Democrats pressed See on her past work advocating for coal-reliant states.



FERC Nominees Judy Chang, David Rosner, and Lindsay See

Education: House Education Committee Activity

- House Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) continued efforts in March to reauthorize the Higher Education Act in a piecemeal fashion by marking up two bills, which passed on party-line votes:
 - The Respecting the First Amendment on Campus Act ([H.R. 7683](#)) combines several bills related to free speech and freedom of association on college campuses to strengthen college transparency requirements related to students' First Amendment rights.
 - The Accreditation for College Excellence Act of 2023 ([H.R. 3724](#)) would prohibit accreditors from requiring colleges to meet additional standards not already found in law, such as diversity, equity, and inclusion (DEI) requirements.
- The timeline for floor consideration is unclear given the busy legislative calendar and the partisan nature of these bills. The Senate has not introduced or considered similar bills and has not indicated plans to address these issues.
- The full House is expected to consider in April A Stronger Workforce for America Act ([H.R. 6655](#)), bipartisan legislation to reauthorize the country's workforce development system.



Education: Congressional Oversight

- Congress continues to utilize its oversight authorities to advance education policy priorities, including oversight into the following topics.
 - FAFSA Rollout
 - Congress continues to criticize DOE’s efforts to update the FAFSA, including a [hearing](#) scheduled for April 10, 2024.
 - The DOE’s recent efforts to address concerns include a [technical fix](#) and [guidance](#) for applicants without SSNs, as well as a delay in reporting requirements for Financial Value Transparency and Gainful Employment regulations.
 - Antisemitism and DEI
 - The House education committee also will hold a [hearing](#) on April 17, 2024 with Columbia University leaders regarding the university’s response to antisemitism on campus.
 - In March, Chairwoman Foxx sent letters to the University of California, Berkeley and Rutgers to investigate the universities’ response to allegations of antisemitism on their campuses.
 - A March 7, 2024 [hearing](#) on the impact of DEI on college campuses led to a partisan discussion about the value of DEI offices and how to address discrimination on campus.
 - Student Loan Servicing
 - Sen. Elizabeth Warren (D-MA) called for student loan servicer MOHELA to testify April 10, 2024 at a [hearing](#) on MOHELA borrowers’ experience with return to repayment and the Public Service Loan Forgiveness (PSLF) program.
 - The Office of Federal Student Aid (FSA) recently announced it would transition management of the PSLF program from MOHELA directly to FSA in May, along with the Teacher Education Assistance for College and Higher Education (TEACH) Grant program.
 - FY25 Budget Request
 - Education Secretary Miguel Cardona will [testify](#) April 10, 2024 before the House Appropriations Labor-HHS-Education Subcommittee on DOE’s FY25 budget request.



COMMITTEE ON
EDUCATION &
THE WORKFORCE

**MEDIA
ADVISORY**

April 3, 2024

MEDIA ADVISORY

Owens, Wilson to Hold Hearing on Ramifications of ED’s FAFSA Failure

WASHINGTON — On Wednesday, April 10, at 10:15 a.m., the Subcommittee on Higher Education and Workforce Development will hold a [hearing](#) titled: **“FAFSA Fail: Examining the Impact on Students, Families, and Schools.”**

Chairman Burgess Owens (R-UT) said: *“The Education Department’s FAFSA rollout has been defined by poor communication, negligence, and incompetence that has wreaked havoc on the entire university system. FAFSA delays have left millions of students in limbo, unsure of their academic futures and unable to access additional guidance or assistance. This hearing will examine the dire consequences of the FAFSA failure and its impact on students, families, and colleges.”*

Ranking Member Frederica Wilson (D-FL) said: *“As students are patiently working through the college application process, it is concerning that many continue to experience delays in the FAFSA process. As policymakers put the education architecture in place, administrators must ensure seamless execution. This is not happening, and we should have a clearer understanding*

Education: Department of Education Regulatory Updates

- The DOE is in the final stages of releasing two regulations for which higher education stakeholders have been anxiously awaiting.
 - Before a major rule can be released, the Office of Information and Regulatory Affairs (OIRA) at the Office of Management and Budget must review the rule. OIRA has up to 90 days to review the rule.
 - Currently, OIRA is reviewing the final Title IX rule to address sex-related discrimination on college campuses. The rule has been at OIRA since February 2, 2024 and is expected to be released in April or May.
 - The DOE also sent the Student Loan Debt Relief proposed rule to OIRA on March 26, 2024, which stemmed from the DOE's negotiated rulemaking sessions on the topic last fall and in February 2024.
 - The DOE also will send to OIRA soon the Program Integrity and Institutional Quality proposed rules stemming from its negotiated rulemaking sessions in January-March.



Secretary of Education Miguel Cardona

Health Care Funding — Health Updates



HHS Secretary Becerra testifying before Congress

- On March 11, 2024, President Joe Biden released his FY25 [Budget Request](#). The proposal includes US\$130.7 billion in discretionary spending for the U.S. Department of Health and Human Services (HHS), a 12% increase from FY24.
 - Notably, the proposed budget includes provisions that would expand the Inflation Reduction Act’s drug pricing policies and extend Medicare solvency through changes to the tax code.
- Following the release of President Biden’s [FY25 Budget Request](#), HHS published a [FY25 Budget in Brief](#).
 - On March 14, 2024, the Senate Finance Committee held a [hearing](#) and hosted HHS Secretary Xavier Becerra to discuss the President’s FY25 budget request.
 - On March 20, the [House Ways & Means Committee](#) and [House Appropriations Subcommittee on Labor, Health and Human Services, Education \(L-HHS\)](#) both held additional hearings with HHS Secretary Xavier Becerra and discussed a range of issues related to the budget request, including substance use disorders (SUDs), unaccompanied minors at the southern border, and ways to decrease health care costs across the system.
- On March 22, 2024, President Biden signed an FY24 bipartisan minibus package ([H.R. 2882](#)) into law.
 - The package provides HHS over US\$116 billion in federal funding through September 31, 2024, but there were few additional health policy riders, leaving many key health reauthorizations up in the air for the remainder of this Congress.
 - The enactment of the minibus brings the FY24 process to a close, allowing the FY25 process to begin in full swing.

The Biden Administration – Health Updates



President Biden delivering the 2024 State of the Union (SOTU) Address

- On March 5, 2024, President Biden [announced](#) a new Strike Force to crack down on unfair and illegal pricing across the U.S. economy through a partnership between the Department of Justice (DOJ) and Federal Trade Commission (FTC).
 - Amongst other prerogatives, the Strike Force will examine pricing and competition practices within the prescription drug market and health care industry more broadly.
- On March 7, 2024, President Biden delivered the [2024 State of the Union Address](#).
 - President Biden called for expanding the total number of prescription drugs subject to the Inflation Reduction Act’s Medicare Drug Price Negotiation program and Medicare’s cap on out-of-pocket spending on prescription drugs to the commercial market.
- On March 28, 2024, the Biden administration [announced](#) a new rule regulating Short-Term, Limited Duration Insurance (STLDI) plans.
 - The rule includes hard limits on the duration of STLDI plans, which are health insurance plans designed to fill temporary gaps in coverage, along with new transparency requirements.

Senate Health Care Updates

- On March 6, 2024, the Senate Budget Committee held a [hearing](#) titled, “How Primary Care Improves Health Care Efficiency,” where members discussed opportunities to lower health care costs and improve access to primary care.
 - The hearing focused largely on the impacts of provider consolidation and new mechanisms to reduce Medicare spending, including through the promotion of consumer choice and greater price transparency requirements.
- On March 13, 2024, Senate Health, Education, Labor, and Pensions (HELP) Ranking Member Bill Cassidy (R-LA) released a request for information ([RFI](#)) to stakeholders on ways to improve the regulation of clinical tests in the U.S.
 - The RFI asks questions on the existing framework for Food & Drug Administration (FDA) regulatory oversight of clinical tests and includes a separate set of questions on lab-developed tests (LDTs). Responses were due April 3, 2024.
- On March 14, 2024, Senate Finance Chair Ron Wyden (D-OR) and Ranking Member Mike Crapo (R-ID) wrote a [letter](#) to members of the committee “reaffirm[ing] their commitment to enacting meaningful pharmacy benefit manager (PBM) reforms this Congress.”
 - The letter highlights recent work the Finance Committee has done on the Modernizing and Ensuring PBM Accountability Act (MEPA) and the Better Mental Health Care, Lower-Cost Drugs, and Extenders Act, and provides background data on why PBM reforms are urgent for a range of stakeholders.
 - Senate and House leadership continue to negotiate a broad health care policy package, but its pathway forward this year is unclear following the passage of the FY24 funding package.

House Health Care Updates

- On March 12, 2024, the House Energy & Commerce Health Subcommittee held a [markup](#) to consider 19 bills related to health reauthorizations and provider reforms.
 - All 19 bills were advanced and reported favorably by the committee.
 - On March 20, 2024, the House Energy and Commerce full committee held a markup of 28 bills including the Charlotte Woodward Organ Transplant Discrimination Prevention Act ([H.R. 2706](#)) and the SCREENS for Cancer Act of 2024 ([H.R. 3916](#)). The committee advanced all 28 bills to the full House.
- On March 19, 2024, the House passed the Dr. Michael C. Burgess Preventive Health Savings Act ([H.R. 766](#)) by a voice vote under suspension of the rules.
 - The legislation would require the Congressional Budget Office (CBO), upon receiving a request from Congress, to determine if preventive health legislation would reduce government spending over the course of up to 30 years.
 - The bill previously passed the House Budget Committee unanimously and will now go to the Senate for consideration.
- On March 21, 2024, the House Energy & Commerce Health Subcommittee held a [hearing](#) on “Evaluating Approaches to Diagnostic Test Regulation and the Impact of the FDA’s Proposed Rule.”
 - The purpose of the hearing was to assess the regulation of LDTs and in vitro diagnostic products (IVDs), including the U.S. FDA’s sweeping [proposed rule](#) from October 2023 pertaining to a new regulatory framework for LDTs.

Congressional Oversight Developments — Health Updates

- On March 5, 2024, Senate HELP Ranking Member Bill Cassidy (R-LA) [sent a letter with 16 other Senate Republicans](#) to the National Institutes of Health (NIH) expressing concern with President Biden’s proposal to expand the use of march-in rights, which could change the underlying drug patent system under the Bayh-Dole Act.
 - The Biden administration remains under pressure by congressional Democrats and stakeholder groups to address rising U.S. prescription drug prices, especially ahead of the 2024 election in November.
- On March 5, 2024, Sen. Elizabeth Warren (D-MA) [led a letter with nine Senate Democrats](#) to HHS and the Centers for Medicare and Medicaid Services (CMS), urging the agencies to reform certain Medicare Advantage (MA) practices.
- On March 20, 2024, Senate HELP Chair Bernie Sanders (I-VT) released [a press release](#) praising GSK for capping the cost of the company’s brand-name inhalers to \$35/month.
 - Chair Sanders made a similar [announcement](#) related to AstraZeneca’s inhaler pricing change on March 18, 2024.
- On March 28, 2024, Senate HELP Chair Bernie Sanders (I-VT) [called for](#) a lower price of the drugs Ozempic and Wegovy, citing [a newly published Yale study](#) on the estimated manufacturing costs.



Senate Health, Education, Labor, and Pensions (HELP) Committee Chair Bernie Sanders (I-VT)

BIOSECURE Act — Health Updates

- In March, both the House and Senate began considering versions of the BIOSECURE Act ([H.R. 7085/S. 3558](#)), which would prohibit federal contracting with certain biotechnology entities connected to foreign adversaries.
 - There are slight differences between the versions of the bill in the House and the Senate. Read Arnold & Porter’s Advisory [here](#) for more details on the legislation.
- On March 6, 2024, the Senate Committee on Homeland Security and Governmental Affairs (HSGAC) held a [business meeting](#) to discuss various legislative items, including the Senate version of the BIOSECURE Act.
 - Senate HSGAC favorably forwarded S. 3558 in a 11-1 vote, with Sen. Rand Paul (R-KY) voting no.
- On March 7, 2024, the House Select Committee on the Chinese Communist Party held a [hearing](#) titled, “Growing Stakes: The Bioeconomy and American National Security.”
 - The select committee discussed the BIOSECURE Act at a high-level and the importance of maintaining the U.S. biopharmaceutical industry’s competitiveness with China.
 - On March 22, 2024, Rep. Mike Gallagher (R-WI), who is the Chairman of the Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party, [announced](#) he will resign from his congressional seat effective April 19, 2024. Rep. Gallagher’s resignation was not related to the BIOSECURE Act, but it could complicate the bill’s pathway forward.
- Next Steps: The Senate could soon bring the BIOSECURE Act to the floor, while the House could move forward with a markup of the bill in the House Committee on Oversight and Accountability (COA).

Latest on California's Budget Deficit

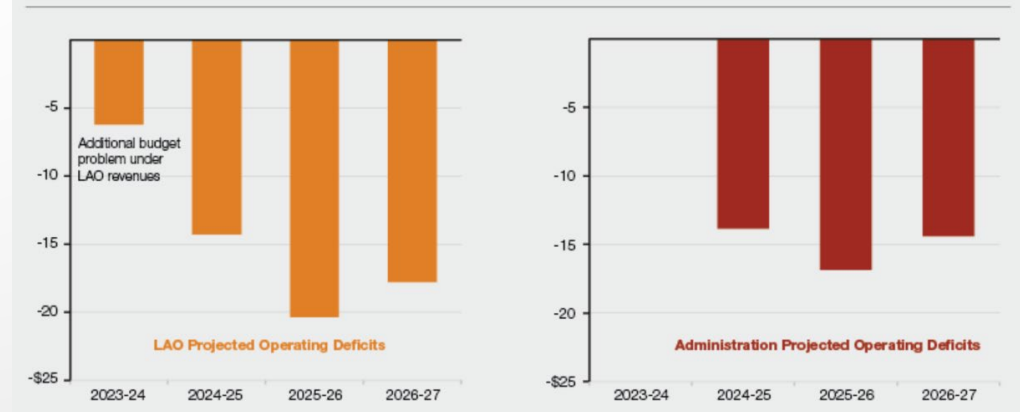
- The California Budget Deficit
 - The nonpartisan Legislative Analyst's Office (LAO) estimates the deficit to be US\$73 billion, which is US\$15 billion more than was previously projected.
 - This is nearly double the US\$38 billion shortfall that Governor Gavin Newsom (D) estimated in January.
- Budget Subcommittee hearings have begun in the state legislature as they begin to examine the governor's budget proposal.
- The state Senate has released an "early action" proposal that would shrink the deficit by US\$17 billion via spending cuts, delays, and borrowing.
 - The Assembly is not necessarily on board. The speaker is seeking more rank-and-file input.
- The governor will release an updated proposed budget on or around May 15, 2024 (the May Revise).



California Governor Gavin Newsom (D)

Figure 1

Operating Deficits Somewhat Larger Under LAO Projections (In Billions)



Source: California Globe, March 5, 2024

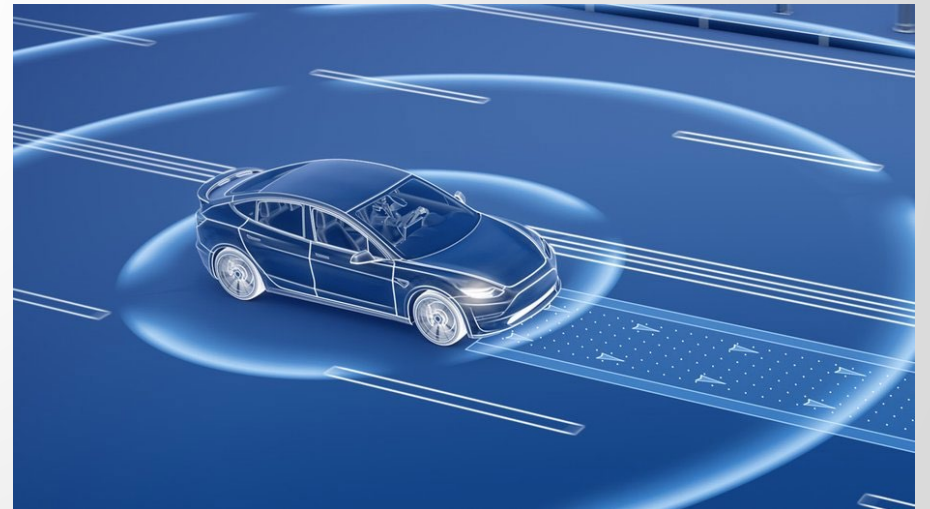
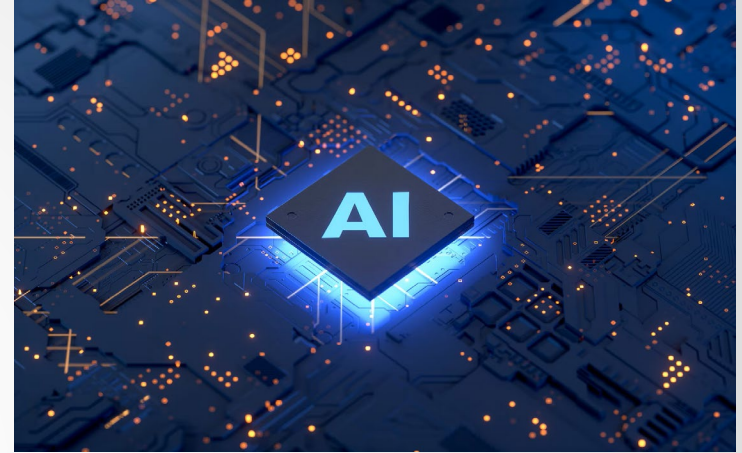
California Bonds on the Ballot

- Proposition 1: Passed by a narrow margin in March. Prop 1 authorizes US\$6.38 billion in bonds to build 4,350 housing units and add 6,800 mental health and addiction treatment beds.
- Climate Bond: Talks are ongoing in the legislature on the details of a proposed climate bond to fund projects to mitigate climate impacts. Originally conceived at US\$15 billion, the final number is likely to be much less.
- Education Bond: Proposals in the state Senate and Assembly (at US\$15 billion and US\$14 billion, respectively) would cover school facility improvements. The assembly proposal would fund only K-12 schools and community colleges.
- Housing Bond: Proposed US\$10 billion bond to construct and renovate housing for low-income Californians.



Noteworthy California Legislation in Committee in April

- Privacy and Artificial Intelligence:
 - [AB 1949](#) (Wicks) heavily restricts collection of personal data for users under 18 years of age.
 - [AB 2930](#) (Bauer-Kahan) on Automated Decisions Tools, would prohibit companies from releasing biased algorithms.
 - [AB 3048](#) (Lowenthal) would require browsers and devices to offer consumers the ability to exercise their privacy preferences through opt-out preference signals.
 - [SB 1047](#) (Wiener) would require companies building the largest and most powerful AI models to test for safety before releasing those models to the public.
 - [AB 2013](#) (Irwin) would require a developer to post on the developer's internet website documentation regarding the data used to train the artificial intelligence system or service.
 - [AB 3204](#) (Bauer-Kahan) would require businesses that use personal information to train artificial intelligence to publicly register with the state, pay a registration fee, and provide specified information.



Noteworthy California Legislation in Committee in April (cont'd)

- Autonomous Vehicles

- [SB 915](#) (Cortese) would prohibit the operation of an autonomous vehicle service until authorized by a local ordinance.

- PFAS

- [SB 903](#) (Skinner) seeks to prohibit the sale or distribution of all products containing intentionally added PFAS regardless of category, beginning in 2030, unless the use of PFAS in that product or product category is determined to be an unavoidable use.

- Single-Use Products/Recycling

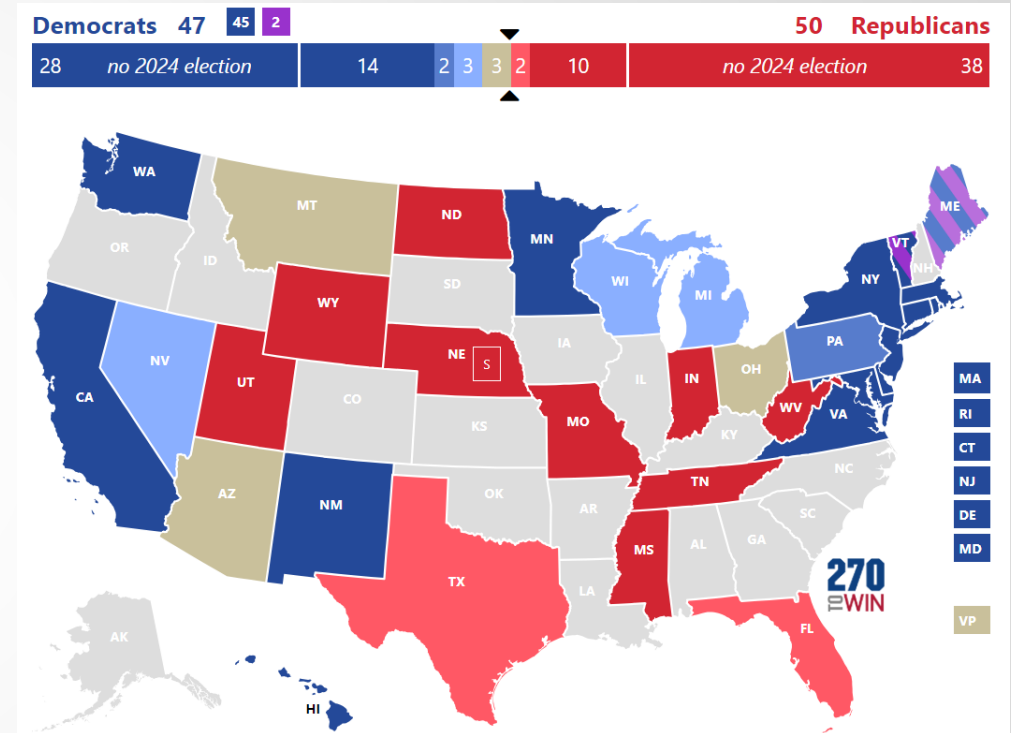
- [SB 1167](#) (Blakespear) would prohibit a chain restaurant from serving or offering for sale a beverage in a single-use vessel to a customer that is dining or consuming the beverage on the premises, as specified.



State of Play of the 2024 Elections

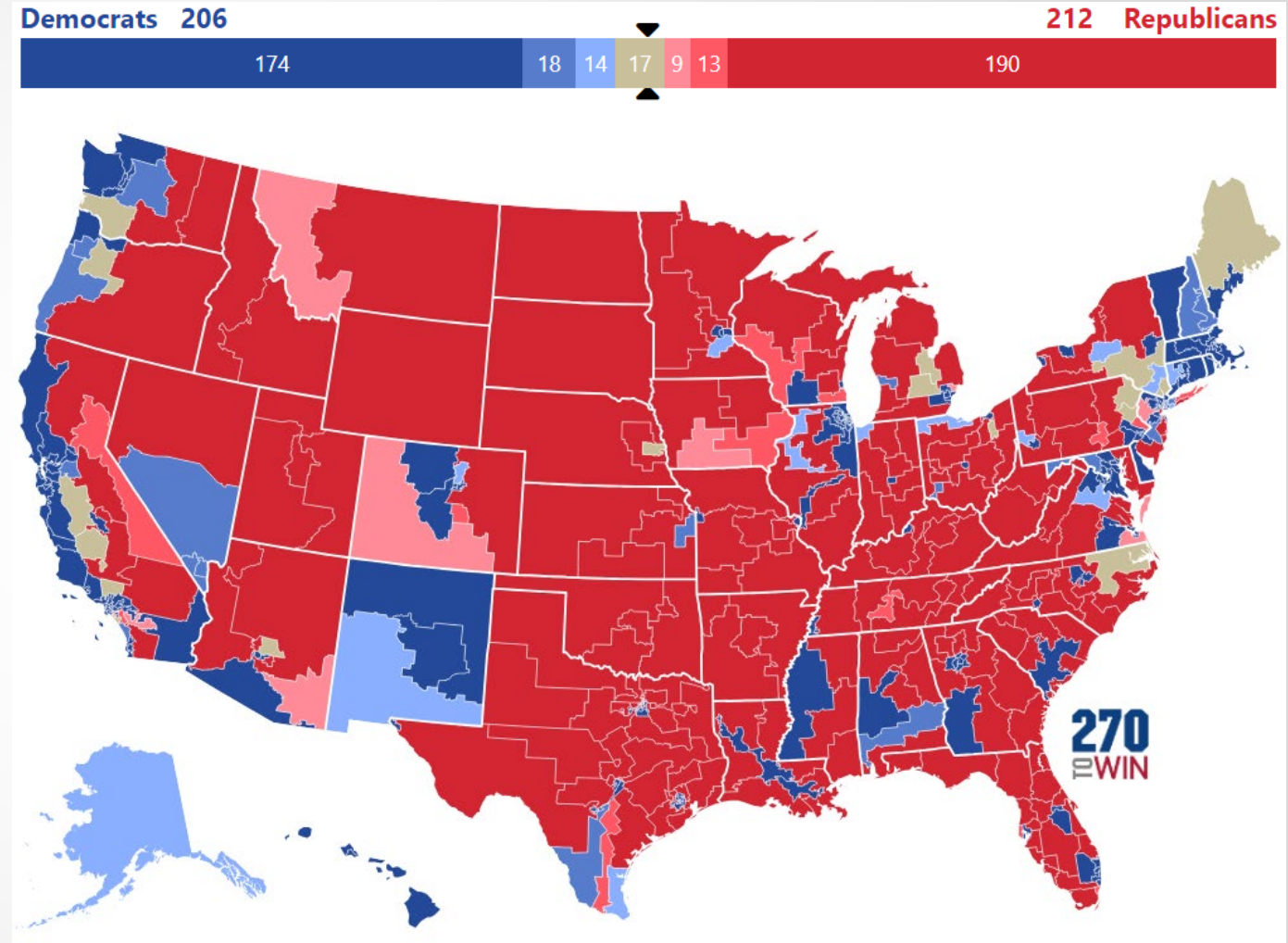
Senate 2024 Outlook

- Democrats, with their already razor thin 51-49 majority, 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’s (D-WV) retirement 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.
- On March 5, 2024, Sen. Kyrsten Sinema (I-AZ), who caucuses with the Democrats, [announced](#) she will not seek re-election to her seat this November. The 2024 Arizona Senate matchup will likely be Rep. Ruben Gallego (D-AZ) vs. 2022 gubernatorial candidate Kari Lake (R).
- Republicans hold 38 seats that are not up for election in 2024; of the just 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 218-213, and on April 19, 2024, it will drop to 217-213.
- For the 2024 elections, 190 seats are currently projected as “Safe R,” while 212 seats are rated as Safe, Likely, or Leans R.
- On the other hand, for 2024, 174 seats are rated as “Safe D,” while 206 seats are rated as Safe, Likely, or Leans D.
- Last year, North Carolina Republicans gerrymandered their congressional map which will net Republicans 3, and possibly 4, new seats in November 2024.
- Meanwhile, New York Democrats finalized and passed a new congressional map for 2024 in late-February. The map, while slightly favorable to Democrats, could have been a lot more aggressive. The map will net Democrats just 1-2 new seats, but other seats that could have been made bluer will still be “Toss-Ups” in November.



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

| Democrats | | |
|-----------------------------|---------------------------|-------------------------|
| TOSS-UP (9) | LEANS DEMOCRATIC (14) | LIKELY DEMOCRATIC (18) |
| CA-47 Open (Porter) | Mary Peltola (AK-AL) | AL-2 Open (Moore) |
| Jared Golden (ME-2) | Yadira Caraveo (CO-8) | Josh Harder (CA-9) |
| MI-7 Open (Slotkin) | Jahana Hayes (CT-5) | Mike Levin (CA-49) |
| MI-8 Open (Kildee) | Frank Mrvan (IN-1) | Sharice Davids (KS-3) |
| Don Davis (NC-1) | Eric Sorensen (IL-17) | MD-6 Open (Trone) |
| Emilia Sykes (OH-13) | Angie Craig (MN-2) | Hillary Scholten (MI-3) |
| Matt Cartwright (PA-8) | Gabe Vasquez (NM-2) | Annie Kuster (NH-2) |
| Susan Wild (PA-7) | Anthony D'Esposito (NY-4) | Chris Pappas (NH-1) |
| M. Gluesenkamp Perez (WA-3) | Pat Ryan (NY-18) | NJ-3 Open (Kim) |
| | Brandon Williams (NY-22) | Susie Lee (NV-3) |
| | Marcy Kaptur (OH-9) | Steven Horsford (NV-4) |
| | Chris Deluzio (PA-17) | Dina Titus (NV-1) |
| | Vicente Gonzalez (TX-34) | Tom Suozzi (NY-3) |
| | VA-7 Open (Spanberger) | Greg Landsman (OH-1) |
| | | Val Hoyle (OR-4) |
| | | Andrea Salinas (OR-6) |
| | | Henry Cuellar (TX-28) |
| | | Kim Schrier (WA-8) |

| SAFE DEMOCRATIC FLIP (1) |
|--------------------------|
| Garret Graves (LA-6) |

Total seats rated Safe Democratic: 174
Total seats rated Safe, Likely, or Leans D: 206

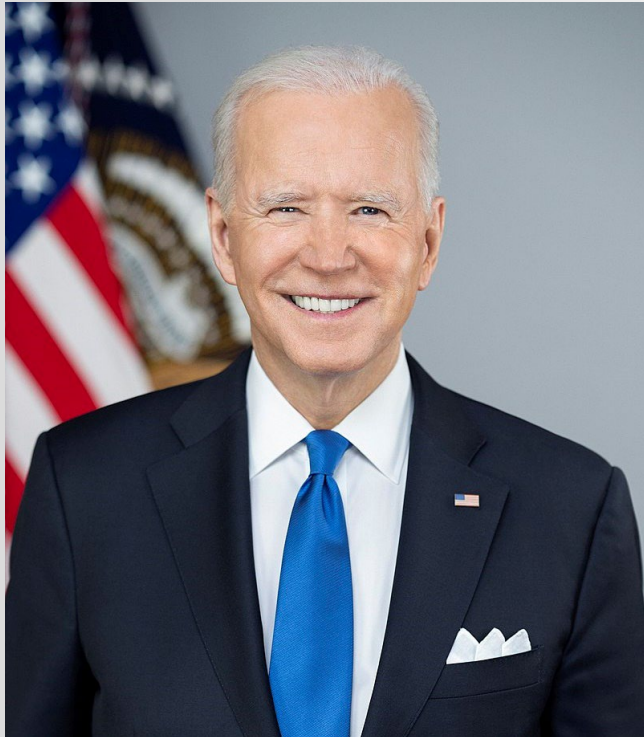
| Republicans | | |
|--------------------------|------------------------|------------------------------|
| TOSS-UP (8) | LEANS REPUBLICAN (9) | LIKELY REPUBLICAN (13) |
| David Schweikert (AZ-1) | Juan Ciscomani (AZ-6) | Kevin Kiley (CA-3) |
| John Duarte (CA-13) | Ken Calvert (CA-41) | Young Kim (CA-40) |
| Mike Garcia (CA-27) | Michelle Steel (CA-45) | CO-5 Open (Lamborn) |
| David Valadao (CA-22) | CO-3 Open (Boebert) | Anna Paulina Luna (FL-13) |
| Don Bacon (NE-2) | Zach Nunn (IA-3) | María Elvira Salazar (FL-27) |
| 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) |
| L. Chavez-DeRemer (OR-5) | Tom Kean Jr. (NJ-7) | Brian Fitzpatrick (PA-1) |
| | Jen Kiggans (VA-2) | Scott Perry (PA-10) |
| | | 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: 212

2024 United States Presidential Election

- On March 12, 2024, incumbent President Joe Biden (D) and former President Donald Trump (R) both clinched a majority of their party's convention delegates, making both men the respective presidential nominees of their respective parties.
- The Republican National Convention will take place in Milwaukee, Wis. from July 15-18, 2024.
- The Democratic National Convention will take place in Chicago, Ill. from August 19-22, 2024.
- This will mark the 7th presidential rematch in American history, and the first since 1956.
- If President Biden wins, it would be the third time in which the winner was the same both times.
- If former President Trump wins, it would be the fifth time in which the winner was different in the rematch, and he would become the second president to serve non-consecutive terms, the first being Grover Cleveland.
- Polls currently show a very close contest that is nearly even and within the margin of error.



Incumbent President Joe Biden (D)



Former President Donald Trump (R)

Factors That Could Impact the 2024 Political Landscape

March 2024 Jobs Report

- On April 5, 2024, the U.S. Department of Labor’s Bureau of Labor Statistics [announced](#) (1) total nonfarm payroll employment exceeded forecasts increasing by 303,000 in March 2024 and that (2) the unemployment rate slightly fell to 3.8%.
 - Economists had expected an increase of over 200,000 for the month, so the jobs report significantly surpassed expectations.
 - The January 2024 number was revised up by +27,000, from +229,000 to +256,000, and the February 2024 number was revised down by -5,000, from +275,000 to +270,000.
 - The unemployment rate still remains below 4%, marking the 26th such consecutive month. The unemployment rate decreased despite labor force participation increasing to 62.7%, a gain of 0.2% from February.
- Average hourly earnings were up 0.3% for March, which was in line with projections, while wages were up 4.1% from a year ago, also even with estimates.
- Health care was the leading industry, with a net gain of 72,000 new jobs. Other leading industries included government, with 71,000; leisure and hospitality, with 49,000; construction, with 39,000; retail trade, with 18,000; and “other services,” with 16,000.
- The employment report for April 2024 will be [released](#) on May 3, 2024.



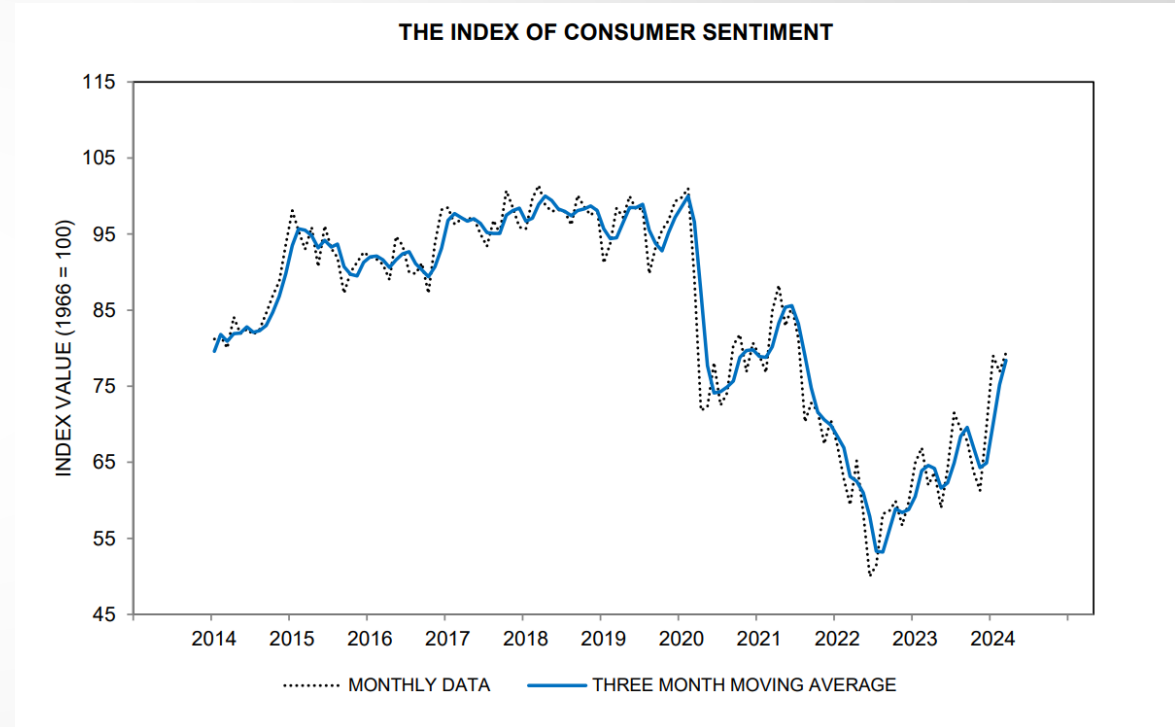
February 2024 Inflation Report

- On March 12, 2024, the U.S. Bureau of Labor Statistics [announced](#) the Consumer Price Index (CPI) increased by 0.4% in February 2024 on a seasonally adjusted basis.
 - This monthly increase was in-line with economists’ expectations.
 - This CPI figure slightly increased from January 2024 (0.3%).
- The Bureau of Labor Statistics also reported that the CPI increased 3.2% from February 2023.
 - Economists had expected a 3.1% annual gain for February. Thus, the annual rate was slightly higher than economists’ forecast.
 - This CPI annual gain was up slightly from 3.1% in January.
- “Core CPI,” which excludes food and energy prices, rose by 0.4% in February 2024 and 3.8% on an annual basis from February 2023.
 - Both of these figures were one-tenth of a percentage point higher than economists’ projections.
 - Shelter and housing costs increased by 0.4% for the month.
- While the annual inflation rate (3.2%) is lower than its peak in summer 2022 (9%), the Federal Reserve aims for a 2% annual inflation rate over the long term.
- The CPI report for March 2024 will be [released](#) on April 10, 2024.



Consumer Sentiment Report

- Consumer sentiment for March stands at 79.4, which is a 3.3% increase from February (76.9).
 - Additionally, this an annual increase of 28.1% from March 2023 (62.0).
 - Consumer sentiment has been much stronger over the last few months compared to most other monthly readings from the past couple of years, which were mostly in the 60s and even high 50s.
 - The December 2023 reading was 69.7; the January 2024 reading was 79.0; the February reading was 76.9; and March's reading is 79.4. This follows a November reading of just 61.3.
- The Index of Consumer Sentiment varies by political party
 - 101.1 among Democrats
 - 73.1 among Independents
 - 67.0 among Republicans
- Year-ahead inflation expectations slightly fell from 3.0% in February to 2.9% in March. This is a notable decrease from 4.5% in November 2023.
 - For the third straight month, short-run inflation expectations are within the 2.3-3.0% range seen in 2018 and 2019.



Thank you



Arnold & Porter

www.arnoldporter.com