



**Arnold & Porter**

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# Capital Snapshot

November 2023

# This Month's Capital Snapshot Deck Includes

- An overview of the upcoming congressional schedule, including key dates in November
- A run-through of the election of Rep. Mike Johnson (R-LA) as the 56<sup>th</sup> Speaker of the House
- An update on developments, outlook, and priorities for key policy and legislative areas
- An outlook on the current Congress and the state of play for the 2024 elections
- A look at current trends and factors that could impact the 2023 political and legislative landscape

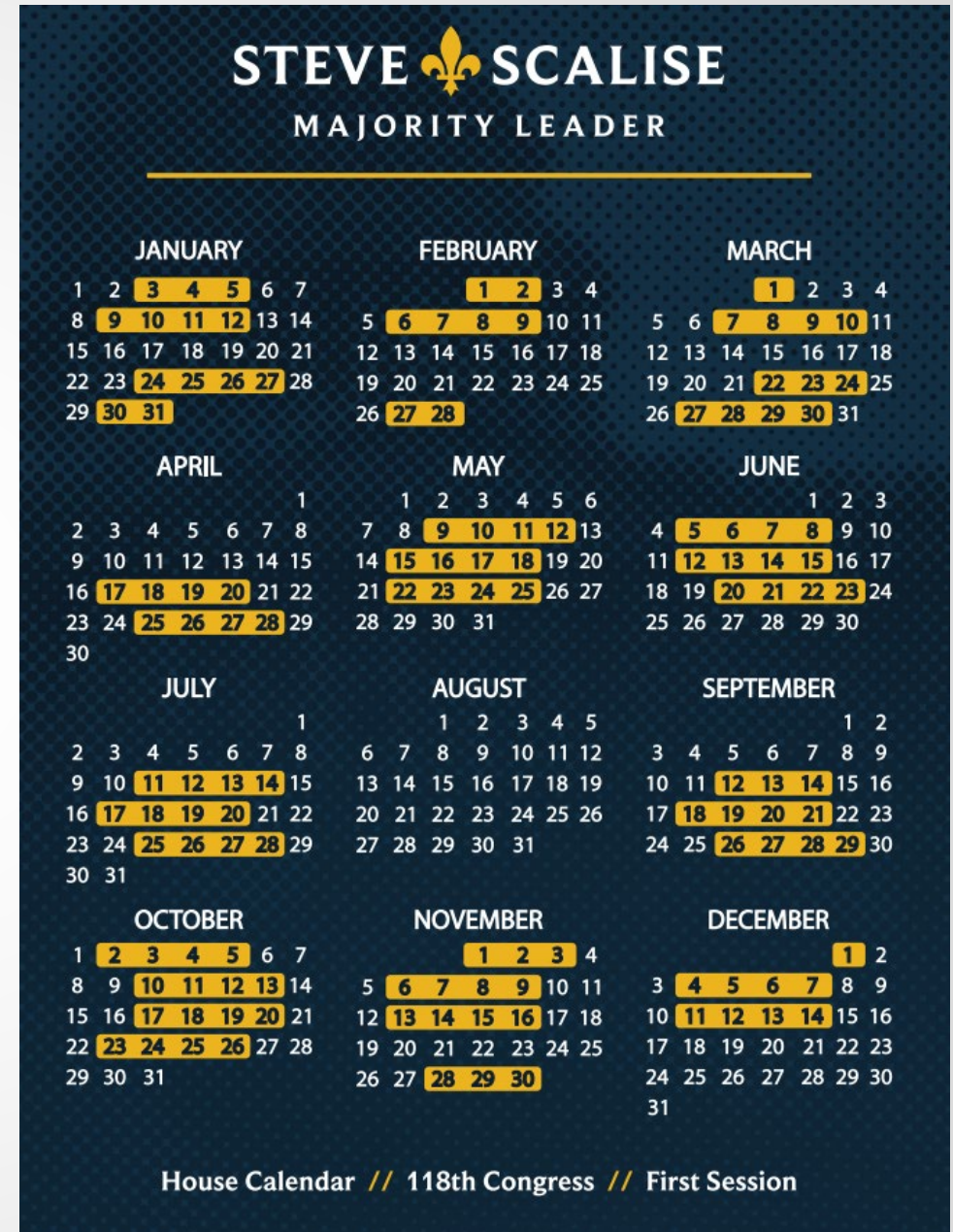
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# Congressional Schedule for November 2023

# 2023 House Calendar

- There are 11 legislative days scheduled in the House for the rest of November.
- The House was originally scheduled to be on recess during the weeks of October 30 and November 6, but Speaker Mike Johnson (R-LA) and Majority Leader Steve Scalise (R-LA) [announced](#) shortly after Speaker Johnson's election that the House would now be in session for both of those weeks.
  - The House will now be in session every week between now and the week of December 11-15, with the exception of Thanksgiving week (week of November 20).
- There are 20 scheduled legislative days left in the House in 2023, including just eight legislative days until the current continuing resolution (CR) expires on November 17, 2023.



# 2023 Senate Calendar

- There are 13 legislative days scheduled in the Senate for the rest of November.
- The Senate will be on recess during the week of November 20, which is Thanksgiving week.
- There are 24 legislative days left in the Senate in 2023, including just eight legislative days until the current continuing resolution (CR) expires on November 17, 2023.

**DICK DURBIN**  
*Majority Whip*

**JOHN THUNE**  
*Republican Whip*

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

**TENTATIVE SCHEDULE**

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

Red dates = Senate not in session

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

# Recent Significant Developments in Congress

# The House Elects a New Speaker

- After Rep. Jim Jordan (R-OH) lost three Speaker votes on the House Floor and was subsequently removed as the House Republican Conference's Speaker designate on October 20, House Republicans reconvened a few days later and held a new Speaker candidate forum on October 23.
- The GOP Conference then held a vote on October 24 to elect their next Speaker designate. House Majority Whip Tom Emmer (R-MN) received 117 votes on the fifth ballot of voting to secure the Speaker nomination, while House Republican Conference Vice Chair Mike Johnson (R-LA) received 97 votes, five Republicans voted for other members, and one Republican voted present.

Rep. Jim Jordan  
(R-OH), former  
Speaker  
designate



Rep. Tom Emmer  
(R-MN), former  
Speaker  
designate



# The House Elects a New Speaker

- However, just four hours after winning the nomination to be the House Republican Conference's third Speaker designate since Rep. Kevin McCarthy (R-CA) was ousted as Speaker on October 3, Majority Whip Emmer withdrew from the process.
- Later in the evening on October 24, after another Speaker candidate forum and another election, Rep. Johnson secured the nomination to be the House Republican Conference's Speaker designate after having received 128 votes on the third ballot.



Rep. Mike Johnson (R-LA)

# The House Elects a New Speaker

- On October 25, Rep. Johnson was elected as the 56<sup>th</sup> Speaker of the House with unanimous support from the 220 Republicans who were present for the vote.
- This ended a 22-day period in which the House was without a Speaker, and this was the first time since former Speaker John Boehner (R-OH) was elected Speaker in 2011 that a Republican Speaker nominee received unanimous support from the Conference.

Speaker Mike Johnson (R-LA) takes the oath of office.



House Minority Leader Hakeem Jeffries (D-NY) formally hands the Speaker's gavel to Speaker Johnson



# Legislative and Policy Updates and Overviews

# FY24 Appropriations

- For the first time in five years, the Senate Appropriations Committee passed all 12 of its FY24 appropriations bills in September.
- In October, the Senate readied a minibus of three FY24 appropriations bills, including the AG-FDA, MilConVA, and THUD. The measure passed the Senate (82-15) on November 1.
- The Senate Appropriations Committee held a hearing on October 31 to discuss the Biden Administration's US\$106 billion supplemental funding request, which included funding for disaster relief, child care stabilization, and rural broadband among other priorities.
- In addition to considering supplemental appropriations, Congress will need to pass a CR before government funding runs out on November 17.



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

# FY24 Appropriations

- Speaker Johnson released an aggressive [timeline](#) for the House appropriations process. The Speaker expects the House to pursue passage of its remaining FY24 appropriations bills ahead of November 17 but also recognized the probable need to pass another CR, extending federal funding into the next year.
- On November 1, the House Rules Committee began consideration of a supplemental appropriations package that would provide aid to Israel.
- Speaker Johnson has taken a unique approach to supplemental appropriations by deciding to separate aid for Israel and additional funding to support Ukraine, and requiring an offset.
- Senate Republican Minority Leader Mitch McConnell has been critical of the Speaker's approach and Democrats have highlighted the partisan nature of Speaker Johnson's proposed offset — funding from the Inflation Reduction Act to bolster IRS enforcement, one of President Biden's legislative achievements.



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

# FY24 National Defense Authorization Act (NDAA)

**Update:** SASC and HASC staff have been meeting regularly since September to conference the differences between the two bills. The formal conference process, including the “passing of the gavel” ceremony, is expected to begin soon with the Senate considering the conference resolution. Staff have stated they are hoping to wrap up conference prior to the November Thanksgiving recess. Because of this, we expect final passage in mid- to late-December.

**Major negotiations** for HASC and SASC leadership will include Ukraine aid, the DoD abortion travel policy, DEI Office funding, and transgender troop policy.



# Tax Update

- Speaker Mike Johnson (R-LA) [reportedly](#) told New York Republicans that any major tax bill would be responsive to their push to increase the state and local tax (SALT) deduction.
- The IRS continues drafting guidance to implement the Inflation Reduction Act, seeking to meet the year-end deadline for many guidance projects articulated in a [recent speech](#) by Assistant Secretary Batchelder.
- Internationally, the OECD released a [draft multilateral instrument](#) to implement the Pillar One profit reshoring agreement, which the U.S. is not prepared to sign.



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



Senate Finance Committee Chair Ron Wyden (D-OR)

# Financial Services Update

## *Conflict in Gaza, Status of Sanctions Against Iran*

- In [opening remarks](#) at a Senate Banking hearing on “Combatting the Networks of Illicit Finance and Terrorism,” Chair Brown focused on crypto used to fund terrorism and evade sanctions related to Hamas.
- House Financial Services Republicans are holding [hearings](#) and circulating [draft legislation](#) in response to reports of Iranian complicity in the Hamas attack and advocating for strengthening sanctions against Iran. Committee Republicans have sent [letters](#) demanding information on the US\$6 billion in Iranian restricted funds recently unfrozen by the Treasury Department.
- 100+ bipartisan, bicameral lawmakers sent a [letter](#) calling on the administration to “address crypto-financed terrorism.”

## *Chair McHenry is Back*

- After serving as Speaker pro tempore for over three weeks, expect a flurry of activity from the House Financial Services Committee for the remainder of this session to make up for lost time.

## *Response to Executive, Judicial Branch*

- Chair Brown [endorsed](#) the CFPB and FTC’s new actions against companies charging consumers “junk” fees.
- Ahead of Supreme Court oral arguments in *Consumers Financial Protection Bureau v. Community Financial Services Association of America*, a case which questions the funding of the CFPB, Chair Brown [urged](#) the Supreme Court to “rule in favor of consumers” and protect the Agency.



***Back in His Seat:*** House Financial Services Chair Patrick McHenry (R-NC)



Senate Banking Chair Sherrod Brown (D-OH)



# Artificial Intelligence Update

- The Biden Administration published a sweeping [executive order](#) (EO) on AI October 31.
  - The EO mandates testing and safety reporting for very large AI models and establishes privacy protections for federal AI use, among other provisions.
- The EO follows increased congressional interest in AI, with Sen. Chuck Schumer (D-NY) hosting the second AI Insight Forum focused on AI and innovation October 24.
- The House Energy and Commerce Committee [began](#) a series of hearings focused on AI and the need to pass a federal data privacy standard.



President Joe Biden delivers remarks before signing the AI executive order

# Energy and Environment Updates — Hydrogen Hubs Announced

- **DOE Announces Hydrogen Hubs Selectees.**  
On October 13, the Department of Energy (DOE) [announced](#) the selection of seven regional clean hydrogen hubs receiving an investment of US\$7 billion total under the Infrastructure Investment and Jobs Act (IIJA).
  - Projects are required to meet various feedstock and end-use diversity requirements, with selected projects planning to use energy generated from natural gas and renewables for a range of hard-to-abate sectors, such as heavy-duty transport and heavy industry.
  - The White House [estimates](#) that approximately two-thirds of investment will be associated with hydrogen produced via electrolysis powered by renewable energy, or “green” hydrogen.



Source: DOE Office of Clean Energy Demonstrations

# Energy and Environment Updates — Hydrogen Tax Credit

- **Lawmakers, Industry Take Rival Views on Implementation of the Hydrogen Tax Credit.** Multiple letters were sent to the Treasury Department in October regarding upcoming guidance for Inflation Reduction Act (IRA) Section 45V hydrogen production tax credits:
  - Eight Democratic senators led by Sen. Sheldon Whitehouse (D-RI) sent a [letter](#) advocating for a 45V rule that tightens carbon rules relating to hydrogen production, seeking that the hydrogen be produced using zero-carbon energy, that such energy is additional to that already on the grid, and that the hydrogen production occurs in the same region as the electricity it relies on is generated.
  - Ten other Democrats led by Sens. Maria Cantwell (D-WA) and Joe Manchin (D-WV) signed onto a [letter](#) warning that complex or overly prescriptive rules “may hamper the development of a robust clean hydrogen market.”



Sen. Sheldon Whitehouse (D-RI)

# Education: White House Supplemental Funding Request

## CHILD CARE

- The US\$24 billion emergency funding for child care through the Child Care and Development Block Grant (CCDBG), included in the American Rescue Plan Act of 2021 (ARPA) ([P.L. 117-2](#)), expired September 30, causing uncertainty in the industry.
- The Biden Administration's October 25 FY24 supplemental request includes US\$16 billion, or an additional year of ARPA funding for child care stabilization, to ensure providers can continue serving families without closures or increased costs.
- While there is bipartisan support for CCDBG funding generally, congressional Republicans are likely to balk at such a request.

## HIGH SPEED INTERNET

- The supplemental request also calls for US\$6 billion for the Federal Communications Commission to extend the Affordable Connectivity Program to provide free and reduced high speed internet deployment through 2024.



# Education: Higher Education Act Reauthorization Update

- The House Education and the Workforce Committee will continue its work to advance several higher education-related bills this month, in hopes of sparking action on a Higher Education Act (HEA) reauthorization this Congress.
- The release of these measures is the starting point for negotiations on HEA reauthorization, which was last updated 15 years ago.
- The forthcoming bills focus on six policy topics, including:
  - **Foreign Influence:** Rep. Michelle Steel (R-CA) introduced the Defending Education Transparency and Ending Rogue Regimes Engaging in Nefarious Transactions (DETERRENT) Act ([H.R. 5933](#)), to increase transparency and accountability for relationships between institutions of higher education and foreign entities.
  - **Freedom of Speech, Association, and Religion:** The committee is expected to release this bill in November.
  - **Cost of College and Accountability**
  - **Accreditation Reform**
  - **Workforce Innovation**
  - **Campus Safety**



# Education: ED Releases Accountability Regulations

- In late October, the Department of Education (DOE) [published](#) oversight and accountability [final regulations](#) for higher education institutions in four areas: *Financial Responsibility*, *Administrative Capability*, *Certification Procedures*, and *Ability to Benefit*.
- House Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) called the rules a subversion of “the constitutional authority vested in Congress.”
- The final rules take effect in July 2024. Together, with the Gainful Employment [rule](#) finalized in September, the DOE aims to “hold institutions accountable” and “deliver real financial value to students and taxpayers.”



# Education: ED Begins Negotiated Rulemaking Committee

- In October, the DOE held the first of three sessions for its Negotiated Rulemaking Committee on student loan debt relief. The committee includes 28 [negotiators](#) from public, private, HBCUs, and for-profit institutions, as well as loan servicers and current and former student loan borrowers.
- After the Supreme Court struck down President Biden's debt relief plan last summer, the committee was charged with drafting regulations to address student loan debt and forgiveness, within the DOE's executive authority.
- On October 30, the DOE released its draft [proposal](#) and [issue paper](#) on borrowing hardships, to be considered during the second rulemaking session on November 6-7.



# Education: ED Begins Negotiated Rulemaking Committee

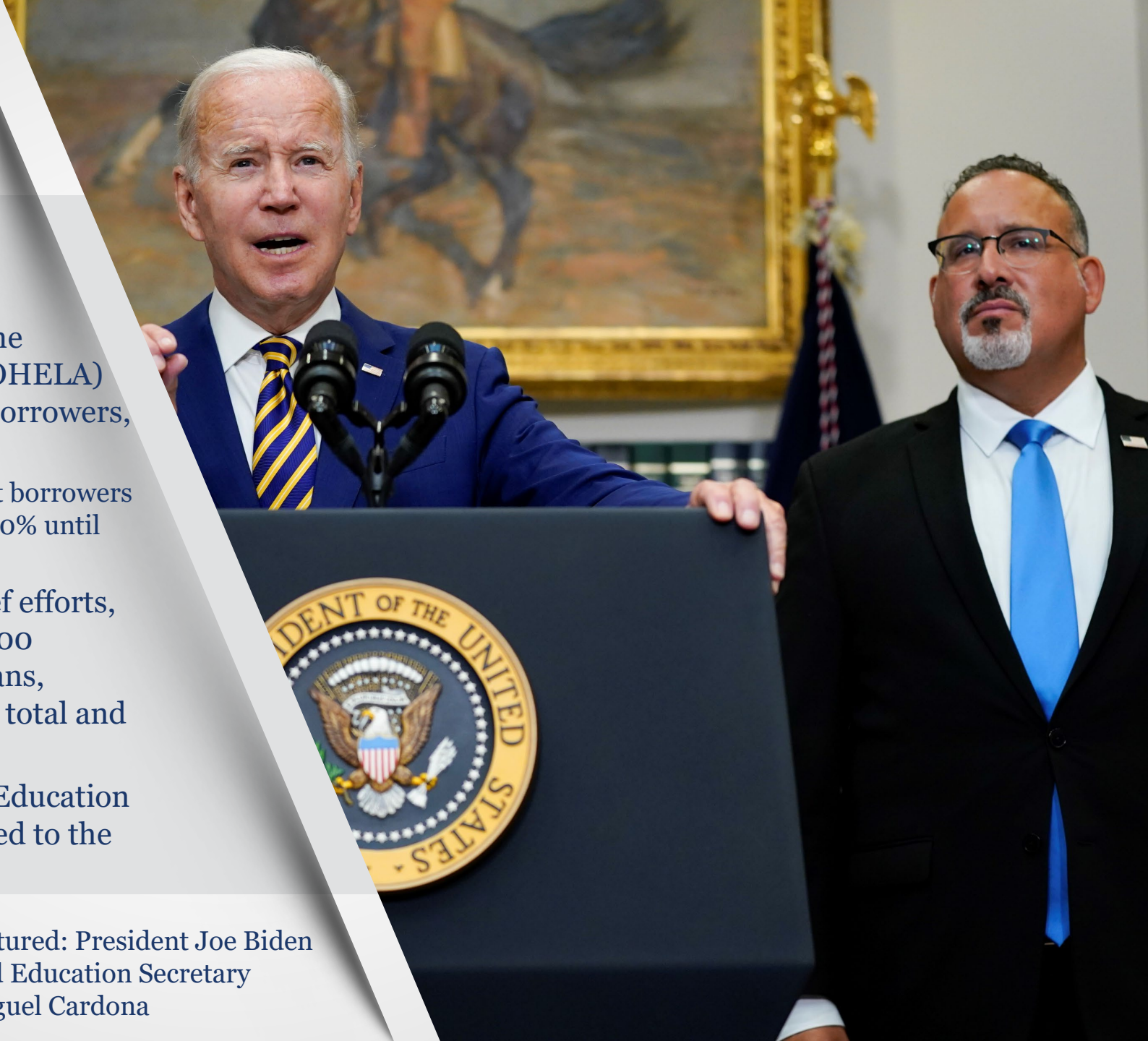
- The proposal outlines the DOE's plan for one-time debt relief for borrowers who have:
  - Loans that entered repayment 25 years ago or longer
  - Balances that exceed the amount originally borrowed
  - Loans to attend (1) career-training programs that created "unreasonable" debt or provided "insufficient" earnings and (2) institutions with high default rates.
- The proposal also gives the Secretary authority to determine eligibility of forgiveness for borrowers in income-driven repayment or targeted relief plans (e.g., Public Service Loan Forgiveness or PSLF and closed school discharges), if they have not successfully applied for forgiveness.
- The committee will meet a final time December 11-12, before the DOE reviews negotiators' feedback and releases a proposed rule, likely sometime next year. Court challenges remain likely.



# Education: Student Loan Updates

- Following three and a half years of paused payments and interest, student loan payments resumed in October.
- Last week, the Biden Administration revealed the Missouri Higher Education Loan Authority (MOHELA) failed to send billing statements to 2.5 million borrowers, resulting in nearly 800,000 delinquencies.
  - The DOE directed MOHELA to place the delinquent borrowers in a temporary forbearance and set their interest to 0% until the billing issue is resolved.
- The administration has continued targeted relief efforts, forgiving US\$9 billion in student debt for 125,000 borrowers, due to adjustments to repayment plans, including PSLF, income-driven repayment, and total and permanent disability.
- On October 31, Chairwoman Foxx subpoenaed Education Secretary Miguel Cardona for information related to the Department's borrower defense claims.

Pictured: President Joe Biden  
and Education Secretary  
Miguel Cardona



# Updates on the Reauthorization of Key Health Care Programs

- **A number of important health care programs expired on September 30.**
  - The current CR, which expires November 17, temporarily extended funding for community health centers, the Teaching Health Center Graduate Medical Education Program (THCGME), and the National Health Services Corps, and averted more than US\$8 billion in cuts to safety-net hospitals.
  - The CR did 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 an end-of-year package, the path forward is unclear given partisan disagreements around CHGME, PAHPA, and overall federal funding levels.



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

- **E&C remains concerned about lowering government health spending while increasing patient access to care, including through Medicare payment reforms.**
  - On October 19, the E&C Health Subcommittee held a hearing to examine concerns about physician payment cuts resulting from the expiration of the geographic payment adjustment floor for physician work, the Advanced Alternative Payment Model (AAPM) bonus, and increases in the Merit-Based Incentive Payment System (MIPS) performance threshold.
- **The Senate Budget Committee has also taken an interest in reducing health care spending.**
  - On October 18, the Senate Budget held a hearing on increasing health care efficiency, with Chairman Sheldon Whitehouse (D-RI) arguing in favor of Accountable Care Organizations (ACOs), which can reduce spending and require no prior authorization, therefore reducing barriers to access for patients.

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



# Senate HELP Committee — Health Updates



Senate HELP Chair Bernie Sanders (I-VT)

- **The Senate HELP Committee nominated Dr. Monica Bertagnolli in a 15-6 vote to be the next NIH Director.**
  - On October 25, Ranking Member Bill Cassidy (R-LA) joined 10 Democrats in supporting her nomination, but Chair Bernie Sanders (I-VT) opposed it, expressing concern that she will not do enough to lower drug prices.
  - Notably, in early September, Sanders agreed to hold a hearing on Bertagnolli's confirmation after receiving a commitment from the White House to work on lowering prescription drug costs.
- **Later that week, Chairman Sanders held a field hearing to hear from nurses on strike at a hospital in New Jersey. Additional HELP Committee Members did not attend.**
  - Ranking Member Cassidy urged the Senator to cancel the hearing due to ethics concerns. Chair Sanders was the only committee member to attend.

# Senate Finance Committee — Health Updates

- **Senate Finance focused on the Medicare Advantage (MA) program, holding a hearing to examine the program’s “deceptive practices.”**
  - During the hearing on October 18, Chairman Ron Wyden (D-OR) criticized MA plans for “hijacking” beneficiaries’ data, and Ranking Member Mike Crapo (R-ID) stressed the need for common sense, consensus-driven, and market-based solutions to promote a competitive MA landscape.
  - Following the hearing, Senate Finance Democrats sent a [letter](#) to CMS, urging the agency to limit third-party marketing organizations from selling beneficiary data.
- **Next Steps:** For the remainder of 2023, the committee is expected to focus on PBM reform and drug shortage prevention.



Senate Finance Chair Ron Wyden (D-OR)

# House Committee on Oversight & Accountability — Health Updates



Subcommittee Chair Brad Wenstrup (R-OH)

- **The House Oversight Select Subcommittee on the Coronavirus Pandemic held a hearing on biosafety and biosecurity.**
  - **Hearing Overview:** On October 18, the subcommittee examined biosafety and lab standards, continuing their investigation on COVID-19 origins.
    - Subcommittee Chair Brad Wenstrup (R-OH) raised concerns about the lack of U.S. oversight for federally funded research overseas.
    - Members and witnesses emphasized the need for increased lab security to decrease the risk of pathogen leaks. Additional points of discussion included dual-use and gain-of-function research.
  - **What's Next:** Members of the Subcommittee are dissatisfied with President Biden's current strategy for enhancing biosafety, and have called for increased standards and enforcement. Subcommittee Chair Wenstrup has signaled future oversight activity on overseas research.

# Biden Administration — Health Updates

- On September 27, HHS-OIG [published](#) a report examining the financial impact of biosimilars on the Medicare Part B program.
  - The report found that CMS can further lower program expenses through greater use of biosimilars and new payment policies.
- On October 12, HHS [released](#) a report reviewing the agency's implementation of three innovative models originally directed by President Biden's [Executive Order 14087](#), "Lowering Prescription Drug Costs for Americans."
- On October 13, HHS [announced](#) that the agency allocated US\$500 million to the development of three COVID-19 vaccine candidates as a part of Project NextGen.
  - HHS also announced it will buy more Paxlovid to provide free of cost to Medicare, Medicaid, and uninsured individuals as the drug transitions to the commercial market.



HHS Secretary Xavier Becerra

# IRA Implementation Updates

- **On October 3, House E&C Chair Cathy McMorris Rodgers (R-WA) issued a statement denouncing the negotiation process.**
  - Chair Rodgers argued that IRA's pricing provisions undermine President Biden's Cancer Moonshot initiative by delaying the development of innovative cures.
- **CMS continues to host stakeholder Listening Sessions for the first 10 drugs selected for price negotiations.**
  - Sessions for the drugs Eliquis and Enbrel were held on October 30 and 31.
  - The full schedule of Listening Sessions can be found [here](#).



President Joe Biden

# Big Changes in Sacramento

- California has faced a US\$31.7 billion deficit, which led to an US\$8 billion cut in services and delays in expenses.
- 900 bills were sent to the governor's desk; the most notable pertained to housing, clean energy, and data privacy. The governor touted his infrastructure package that was passed this summer that streamlines development for solar, bridges, reservoirs, and other key infrastructure projects.
- The assembly elected its new speaker, Robert Rivas (D-Salinas), who replaced Anthony Rendon (D-Los Angeles) in the middle of the session in a heated battle. It is expected that many sitting committee chairs will be replaced as a result of the new speakership.
- Senate President Pro Tempore Tony Atkins (D-San Diego) tapped Majority Leader Mike McGuire (D-Healdsburg) as her replacement.
- In 2024, eight assembly members and nine senators will term out.



# Major Legislation



## Insurance

- SB 770 (Weiner) — kick-starts the process to secure a statewide single-payer health system. The law directs the secretary of the California Health and Human Services to work with federal partners on a path forward on a unified health financing system. The agency will be required to submit an interim report by January 2025, a federal waiver framework by June 2025, and a final framework for state leaders by November 2025. The timeline would pave the way for a final waiver to be submitted for federal approval in 2026.

## Environment

- SB 253 (Weiner) — adopts regulations requiring the reporting of greenhouse gas emission data throughout the entire supply chain, regardless of location.
- SB 261 (Stern) — requires U.S. entities that do business in California with total annual revenue of at least US\$500 million to prepare and submit climate-related financial reports as outlined by SB 253.
- SB 149 (Caballero) — makes a broad array of energy, transportation, water, and semiconductor projects eligible for expedited judicial review under CEQA – if the projects meet certain criteria to be eligible for certification.

# California Legislation, Continued



## Technology

- AB 331 (Bauer-Kahan) — would have prohibited “algorithmic discrimination” from an automated decision tool that could contribute to unjustified differential treatment or outcomes that may have a significant effect on a person’s life.
- AB 331 (Aguiar-Curry) — prohibits the operation of autonomous trucks with a gross vehicle weight of 10,001 pounds or more on public roads for testing purposes, transporting goods, or transporting passengers unless a human safety operator is physically present at the time of operation.
- AB 296 (Dodd) — requires the disclosure of in-vehicle cameras installed by the manufacturer and places restrictions on what can be done with video recordings from such cameras and where such recordings can be retained.
- AB 947 (Gabriel) — includes personal information that reveals a consumer’s citizenship or immigration status in the definition of “sensitive personal information” for purposes of the California Consumer Privacy Act (CCPA) of 2018.
- AB 1027 (Petrie-Norris) — places various requirements on social media companies' and social media platforms' handling of content related to controlled substances and was signed by the governor.

## Liability Legislation

- AB 331 (Bauer-Kahan) — would have prohibited “algorithmic discrimination” from an automated decision tool that could contribute to unjustified differential treatment or outcomes that may have a significant effect on a person’s life.
- AB 524 (Wicks) — would expand protected characteristics in FEHA in employment to include family caregiver status. Although it garnered a lot of attention, the governor vetoed the bill because of the ambiguity that employers would face.
- SB 478 (Dodd) — effective July 1, 2024, makes it an unlawful business practice to advertise, display, or offer a price for a good or service that does not include all mandatory fees or charges other than those imposed by a government, postage/ carriage, or exemptions related to vehicle sales/rentals and housing.

# California Legislation, Continued



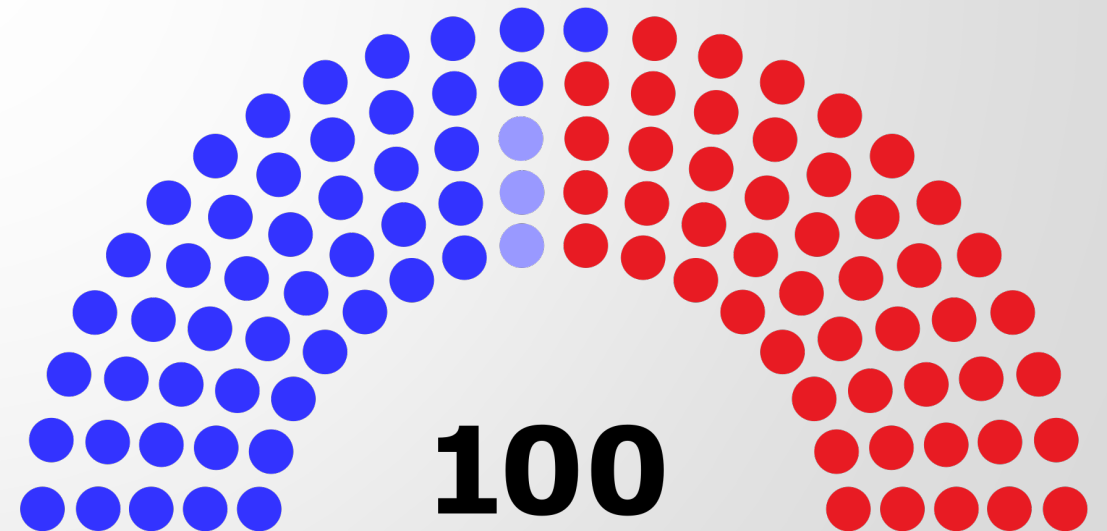
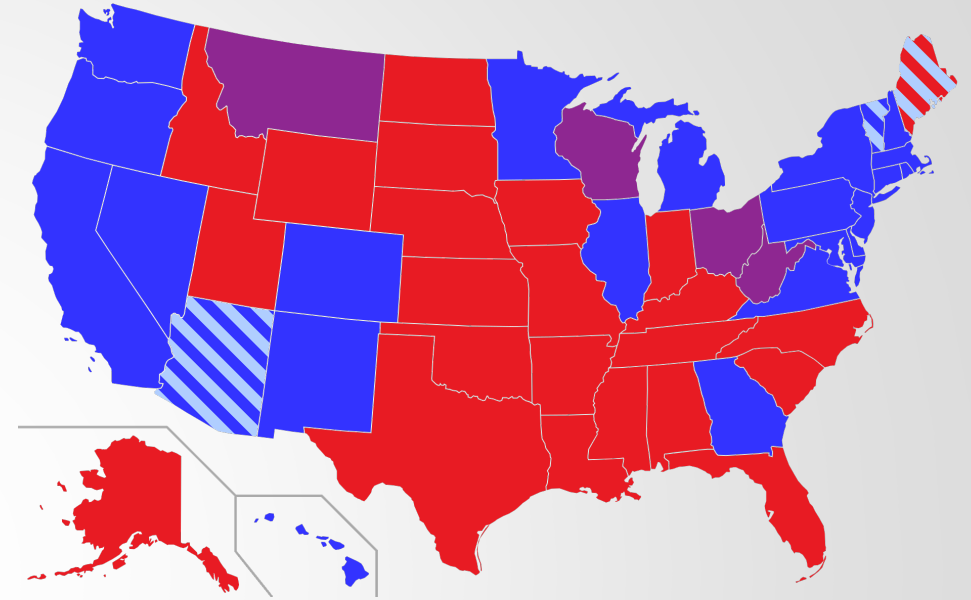
## Labor and Workforce Bills

- SB 799 (Portantino) — would extend unemployment insurance to union employees when on strike. The governor vetoed this bill due to fiscal concerns.
- SB 365 (Wiener) — would prohibit the automatic staying of civil legal proceedings during the pendency of an appeal of a denial or dismissal of a petition to compel arbitration. Despite the likelihood that it will be found to be pre-empted by the FAA, the governor signed this bill.
- SB 616 (Gonzales) — expands paid sick leave to five days per year, up from three. The governor signed this bill.
- SB 525 (Durazo) — creates a tiered increase in minimum wages for a very broadly defined class of “health care workers” employed directly or indirectly by covered health care facilities which includes call center workers. It also establishes a 10-year moratorium on wage ordinances, regulations, or administrative actions for covered health care facility employees. The governor signed this bill.

# State of Play of the 2024 Elections

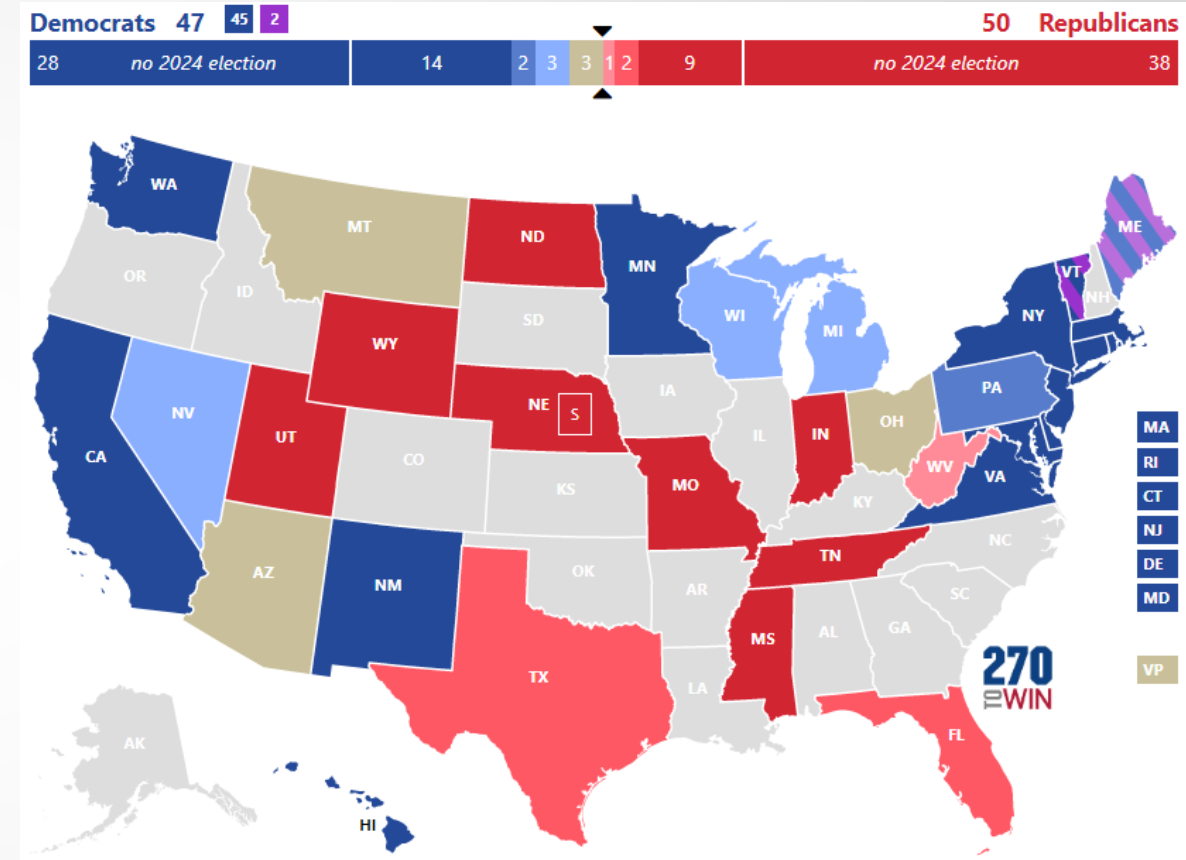
# Current Senate — 118<sup>th</sup> Congress

- Democrats have a 51-49 majority; their majority includes three independent senators who caucus with the Democrats.
- Senator Laphonza Butler (D-CA) was sworn in to fill the seat of the late Senator Dianne Feinstein (D-CA).
- Vice President Kamala Harris, who also serves as the Senate President, can cast a tie-breaking vote if the final vote on any legislation or nominee is tied at 50-50.
  - To date, since assuming the office of Vice President, VP Harris has cast 31 tie-breaking votes in the Senate.
    - This is the highest amount of tie-breaking votes a vice president has cast, tied with John C. Calhoun, who cast 31 tie-breaking votes when he was vice president from 1825 to 1832.
- Senator Patty Murray (D-WA) is the President Pro Tempore of the Senate. She is the first female President Pro Tem in history.



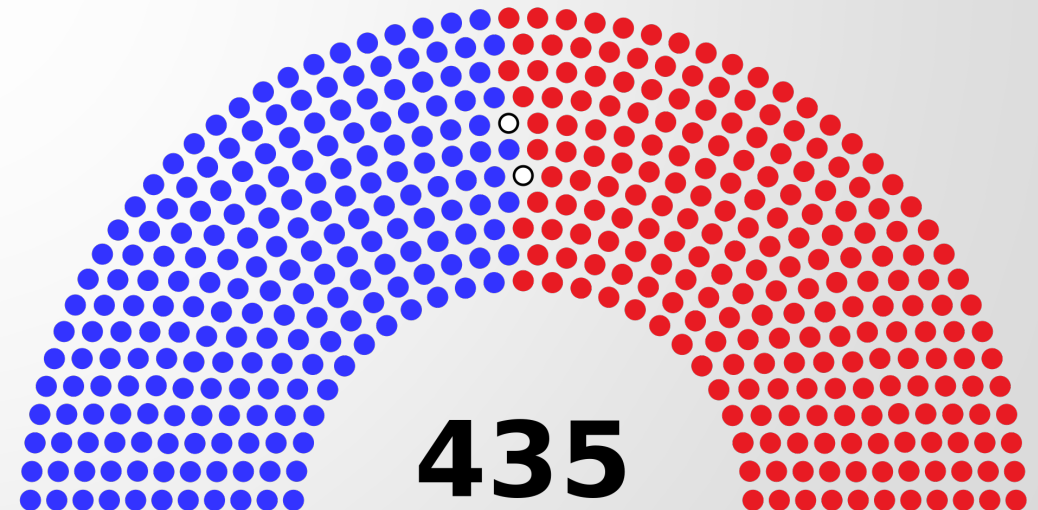
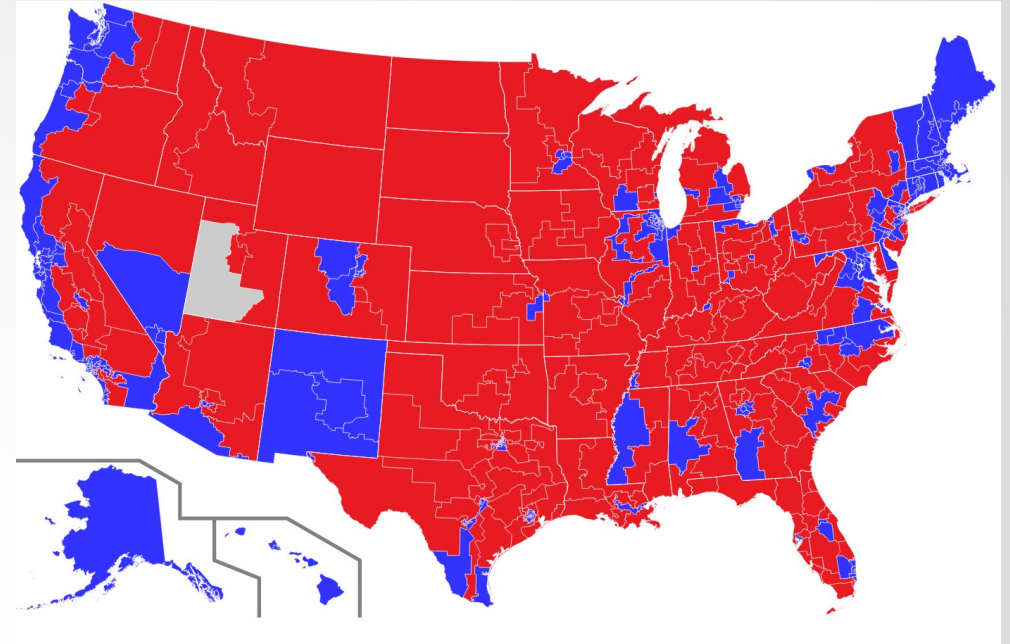
# Senate 2024 Outlook

- Democrats have a narrow majority and a difficult Senate map for 2024.
- Three Democratic incumbents are from states which former President Trump won in both 2016 and 2020 (Montana, Ohio, and West Virginia).
- Democrats will also be defending seats in other competitive states such as Arizona, Nevada, Michigan, Pennsylvania, and Wisconsin.
- Republicans hold 38 seats that are not up for election in 2024; 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 slightly favored to win back the chamber in 2024.



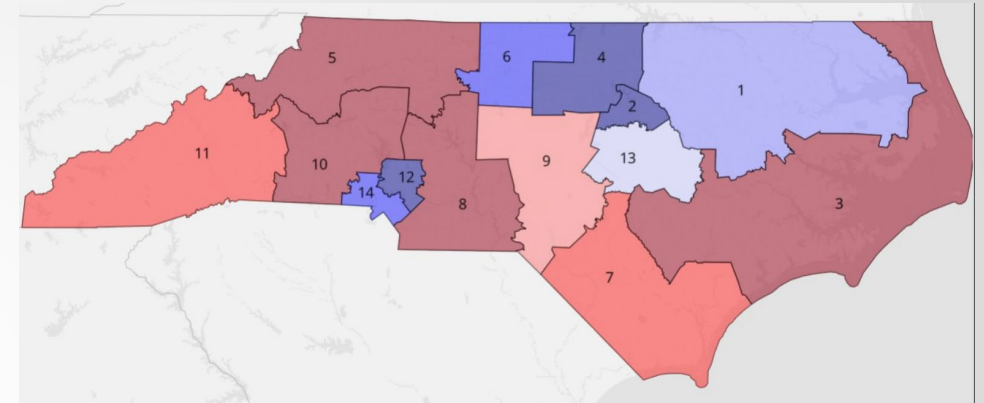
# Current House — 118<sup>th</sup> Congress

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

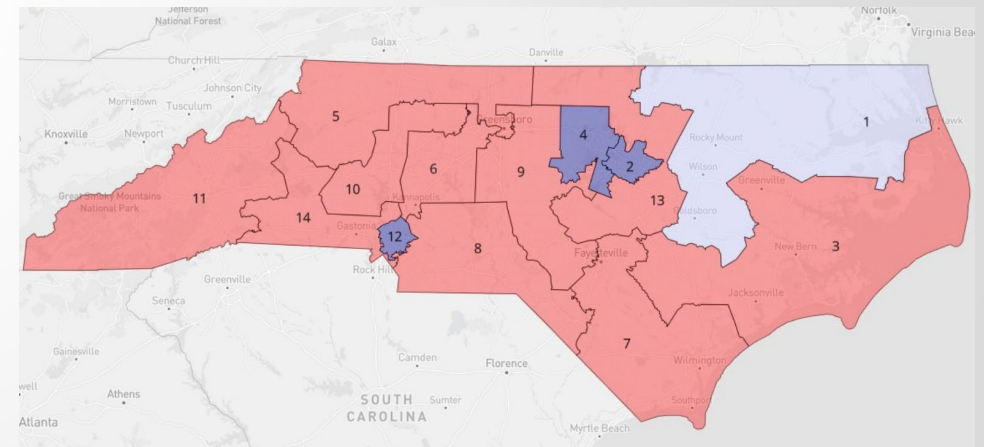


# North Carolina Republicans Pass a New Congressional Map

- On October 25, the North Carolina state legislature [passed](#) a new congressional map that will be in place for the 2024 election.
- This map is an aggressive gerrymander that was drawn by Republicans in the state legislature, who now have a supermajority in both chambers of the legislature after state Rep. Tricia Cotham switched parties from Democratic to Republican earlier this year.
- The current map that is in use for North Carolina's congressional delegation right now has yielded a congressional delegation that is 7R - 7D. However, the new map for 2024 is a 10R - 3D - 1C (C = competitive) map.
- Three North Carolina House Democrats will now *very likely* lose their seats in 2024: Rep. Kathy Manning (D-NC-06), Rep. Wiley Nickel (D-NC-13), and Rep. Jeff Jackson (D-NC-14). Rep. Don Davis' (D-NC-01) seat, which was formerly "Lean D" will now be a "Toss-up"; while Biden narrowly won his new district in 2020, this is a right-trending district that voted for Ted Budd for Senate in 2022.



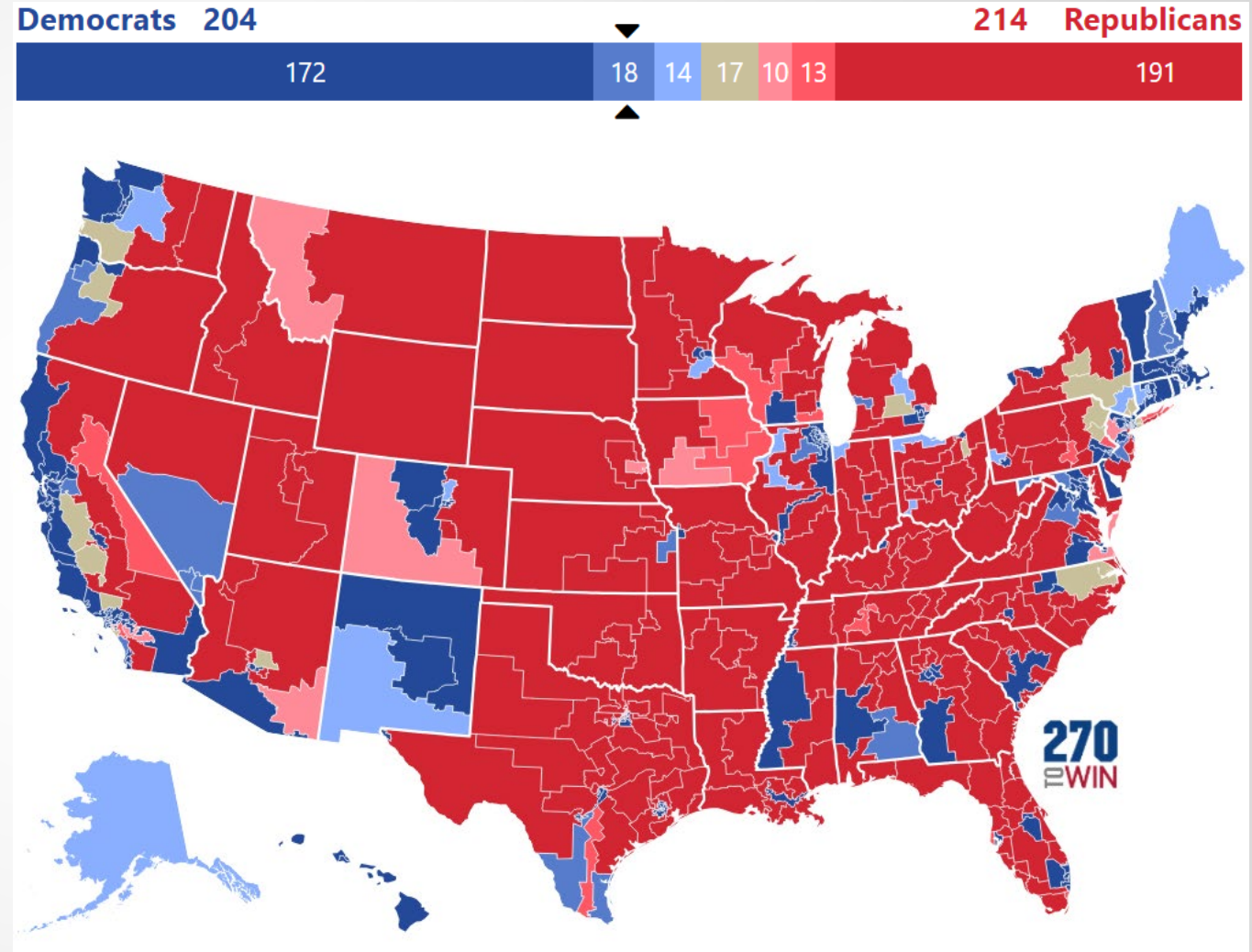
Court-drawn map used for the 2022 election



New gerrymandered map which will be used for 2024

# House 2024 Outlook

- Republicans currently have a small majority of 221-212. 218 is needed for a majority.
- Although it is early, for the 2024 elections, 191 seats are currently projected as “Safe R,” while 214 seats are rated as Safe, Likely, or Leans R.
- On the other hand, for 2024, 172 seats are rated as “Safe D,” while 204 seats are rated as Safe, Likely, or Leans D.
- While North Carolina Republicans gerrymandered their congressional map, New York Democrats might soon gerrymander their respective map.



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

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

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

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

SAFE REPUBLICAN FLIPS (3)
NC-14 Open (Jackson)
Kathy Manning (NC-6)
Wiley Nickel (NC-13)

**Total seats rated Safe Republican: 191**  
**Total seats rated Safe, Likely, or Leans R: 214**

# 2024 Democratic Presidential Primary

- With Robert F. Kennedy, Jr. now out of the Democratic presidential primary, the challengers that President Biden now faces are Marianne Williamson, and Rep. Phillips.
- President Biden currently has a 70.3% to 9% lead over Williamson in the Real Clear Politics (RCP) average.
- It remains to be seen how much Rep. Phillips's entry into the race will impact polling.



Incumbent President Joe Biden

# 2024 Democratic Presidential Primary

- On October 9, Robert F. Kennedy, Jr. announced he is dropping out of the Democratic presidential primary and is instead running as an independent candidate in the general election.
- On October 27, Rep. Dean Phillips (D-MN) announced he is running for president and is challenging incumbent President Joe Biden (D) in the Democratic primary.

Robert F.  
Kennedy, Jr. (I)

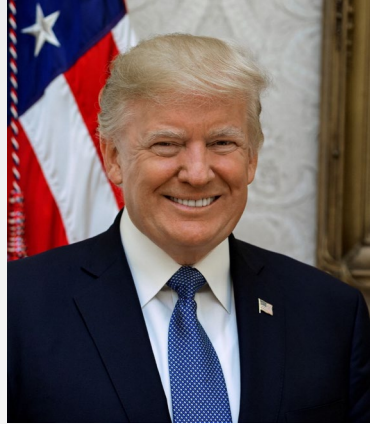


Rep. Dean  
Phillips (D-MN)



# 2024 Republican Presidential Primary

- To the right are the Republican candidates who qualified for the second Republican Presidential Debate, which took place on September 27.
- On October 28, former Vice President Mike Pence (R-IN) announced he is dropping out of the race.
- Former President Donald Trump elected to not participate in both the first and second Republican presidential debates.



Former President  
Donald Trump\*



Florida Governor  
Ron DeSantis



South Carolina Senator  
Tim Scott



Former UN Ambassador  
Nikki Haley



Vivek Ramaswamy



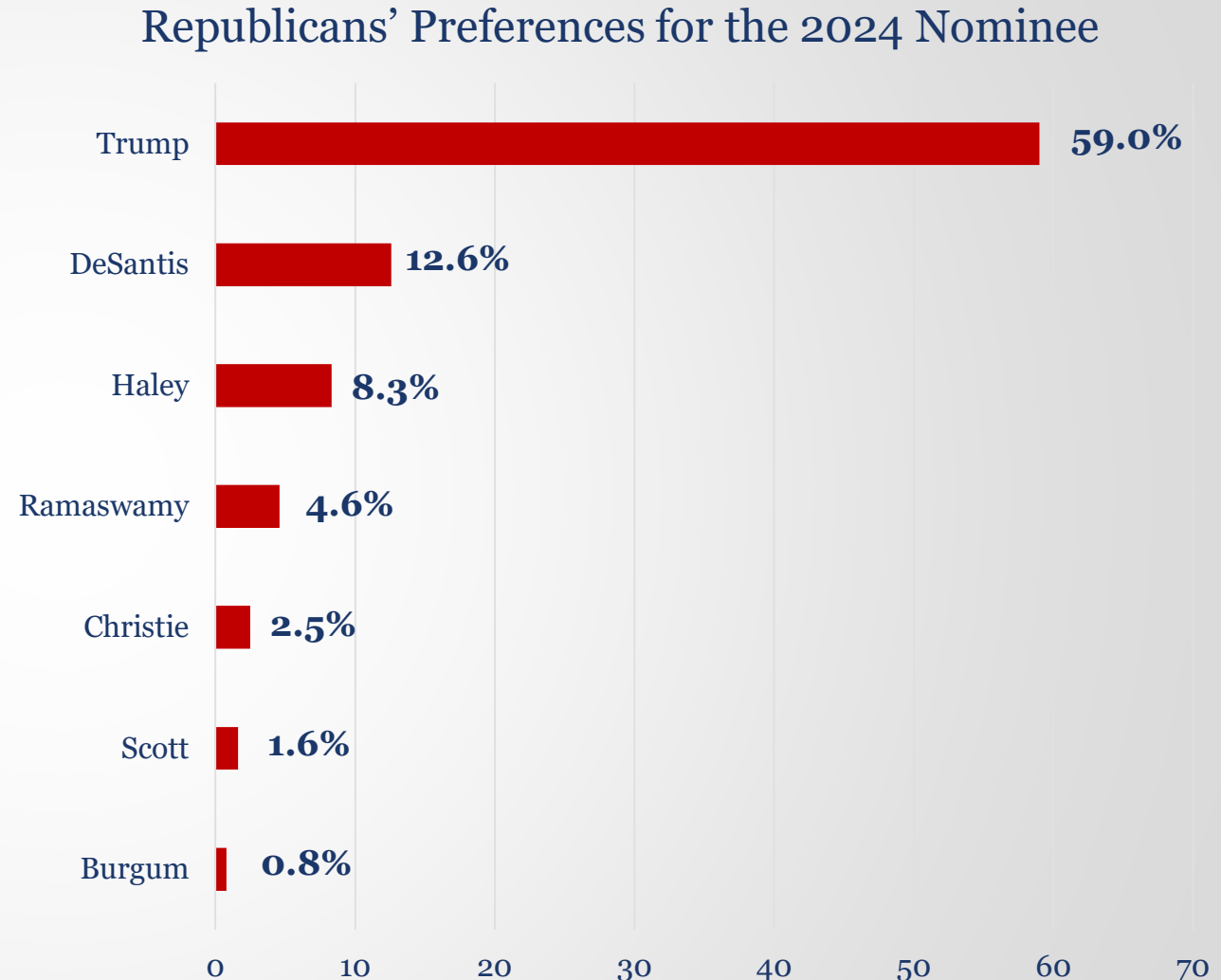
Former New Jersey Governor  
Chris Christie



North Dakota Governor  
Doug Burgum

# 2024 Republican Presidential Primary Polling

- At 59%, former President Donald Trump currently holds a large lead over the other top Republican presidential hopefuls.
- Florida Governor Ron DeSantis is the closest challenger to the former President; he is currently about 46 points behind Trump, at 12.6%.
- Former UN Ambassador and former South Carolina Governor Nikki Haley has been closing the gap between her and DeSantis.
- The other four candidates who have qualified for the first two Republican presidential debates are very far behind, polling from 5% to <1%.



# 2024 General Election Polling

- It is unclear at this time how RFK, Jr. running as an independent will impact the final outcome of the 2024 presidential election. There is debate regarding if his candidacy will help President Biden or former President Trump.
- Two recent major polls show mixed evidence, with Kennedy slightly helping Biden in one poll, and slightly helping Trump in another.

	Biden (D)	Trump (R)	Kennedy (I)
USA Today/Suffolk (w/o RFK Jr.)	41%	41%	N/A
USA Today/Suffolk (with RFK Jr.)	38%	37%	14%
Reuters/Ipsos (w/o RFK Jr.)	43%	42%	N/A
Reuters/Ipsos (with RFK Jr.)	38%	40%	14%

Sources: Real Clear Politics; [USA Today/Suffolk](#); Reuters/Ipsos

# 2023 Off-Year Elections

- A special election to elect newly-retired Rep. David Cicilline's (D-RI-01) replacement will take place on November 7.
  - Democrat Gabe Amo will face Gerry Leonard, Jr. in the special election for Rep. Cicilline's seat (Rhode Island's 1<sup>st</sup> congressional district) on November 7.
  - Democrats are heavily favored in this race.
- There will be a special election later this year to elect the successor to retiring Rep. Chris Stewart's (R-UT-02) seat.
  - Republican Celeste Maloy will face Democratic state senator Kathleen Riebe in the special election on November 21.
  - Republicans are heavily favored in this race.
- There will be three gubernatorial elections on November 7:
  - Kentucky (Democratic incumbent)
  - Mississippi (Republican incumbent)
  - Louisiana (term-limited Democratic incumbent)
- Louisiana, Mississippi, New Jersey, and Virginia will hold statehouse elections later this year, too.



# Current Trends That Could Impact the 2023 Political Landscape

# Job Growth Slowed in October

- On November 3, the U.S. Department of Labor's Bureau of Labor Statistics [announced](#) (1) total nonfarm payroll employment increased by 150,000 in October 2023 and that (2) the unemployment rate changed little, at 3.9%.
  - Economists had expected an increase of 170,000 jobs in October, so the October jobs report fell slightly short of expectations.
  - The United Auto Workers (UAW) strikes, with 46,000 members off the job at its peak, were largely responsible for the lower jobs numbers this month.
  - The August 2023 number was revised down by -62,000, from +227,000 to +165,000, and the September 2023 number was revised down by -39,000, from +336,000 to +297,000.
  - The 3.9% unemployment rate is largely in line with economists' forecasts (3.8%). Unemployment has now been below 4% for 21 consecutive months.
- Average hourly earnings were up 0.2% for October, slightly less than the 0.3% forecast, while wages are up 4.1% from a year ago, 0.1% above expectations.
- Health care was the leading industry, with a net gain of 58,000 jobs. Other leading industries included government, with 51,000, construction, with 23,000, social assistance, with 19,000, and leisure and hospitality, with 19,000. Manufacturing saw a loss of 35,000, mostly because of the UAW strike.
- The employment report for November 2023 will be [released](#) on December 8.



# Inflation Report

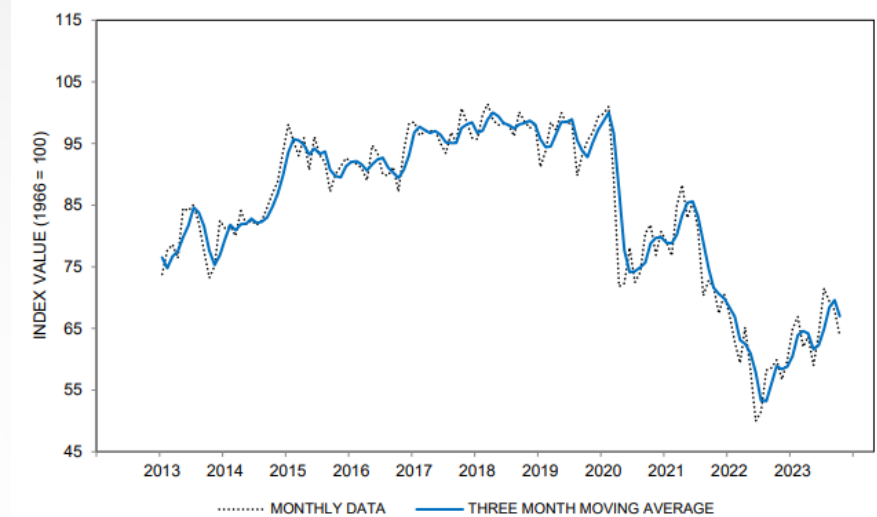
- On October 12, the U.S. Bureau of Labor Statistics announced the Consumer Price Index (CPI) increased 0.4% in September 2023 on a seasonally adjusted basis.
  - This was slightly higher than economists' expectations of 0.3%.
- The Bureau of Labor Statistics also reported that the CPI increased 3.7% from September 2022.
  - This was also slightly above economists' estimates (3.6% increase).
- “Core CPI,” which excludes food and energy prices, rose by 0.3% in September 2023 and 4.1% on an annual basis from September 2022; both of these figures were exactly in line with expectations.
- Shelter costs were the primary factor in the inflation increase — it accelerated by 0.6% for the month and 7.2% from September 2022. Shelter costs accounted for more than half of the overall rise in the CPI.
- The CPI report for October 2023 will be released on November 14.



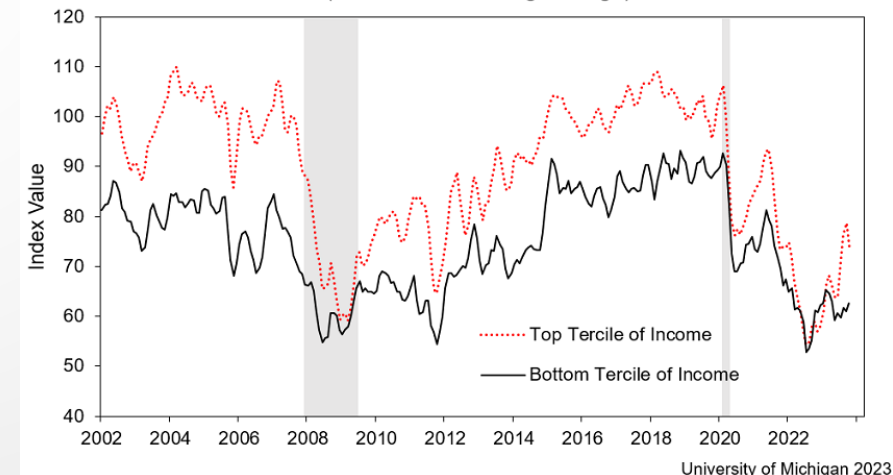
# Consumer Sentiment Report

- Consumer sentiment for September 2023 stands at 63.8, which is a -6.0% decrease from September 2022 (67.9).
  - However, this is an annual increase of +6.5% from October 2022 (59.9).
- The Index of Consumer Sentiment varies by political party
  - 83.4 among Democrats
  - 63.5 among Independents
  - 46.9 among Republicans
- Year-ahead inflation expectations rose from 3.2% in September 2023 to 4.2% in October 2023.

## The Index of Consumer Sentiment



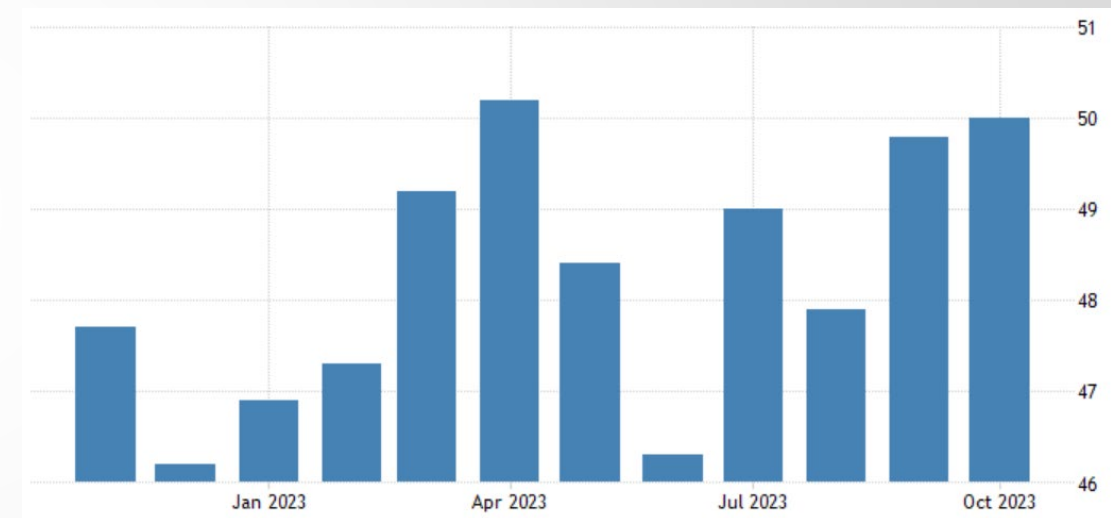
## Index of Consumer Sentiment by Income (Three month moving average)



# Manufacturing PMI Beat Forecasts

- The S&P Global Flash U.S. Manufacturing Purchasing Managers Index (PMI) increased to 50 in October 2023 from 49.8 in September 2023.
- This PMI figure is slightly above forecasts of 49.5.
- This is the highest PMI reading in six months, which could point to a stabilization in operating conditions at manufacturing firms.
- Of note, continued improvement in supplier performance and relatively soft demand conditions caused firms to cut their input buying for the fifteenth straight month in October.
- PMI all-time high — 63.4 in July 2021.
- PMI all-time low — 36.1 in April 2020.

## United States Manufacturing PMI



Sources: Trading Economics and Markit Economics

# Thank you

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