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Capital Snapshot:
Third Month of the
119th Congress and the
Trump Administration

March 2025

This Month's Capital Snapshot Deck Includes:

- Recent major developments in politics, including vacant congressional seats, and approvals/favorability of President Trump and the two major political parties
- President Trump's White House and administration appointments
- Overview of the 119th Congress, including party breakdown of each chamber, the upcoming congressional schedules, and key dates
- An overview of the Fiscal Year (FY) 2025 continuing resolution and the state of play for FY26 federal appropriations
- A recap of where things stand with congressional Republican planning for reconciliation
- Legislative and policy updates across a variety of key policy areas
- Economic factors that could impact the future political landscape

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Recent Major Developments in Politics

Senator Gary Peters Announces His Retirement

- On January 28, 2025, Senator Gary Peters (D-MI) announced he will not run for reelection to his U.S. Senate seat in 2026. He will serve the remainder of his term over the next two years, however.
- Senator Peters has served in Congress since January 2009, first in the U.S. House from 2009 to 2015, and then as a U.S. senator from Michigan since January 2015. He is currently the senior U.S. senator from Michigan.
- The senator is the Ranking Member of the Senate Homeland Security and Governmental Affairs Committee (HSGAC), after previously serving as Chair when the Democrats held the Senate majority.
- **Electoral Impact:** Senator Peters' retirement creates an open seat race in one of the closest battleground swing states in the country. President Trump won Michigan by 1.4% in 2024, and Michigan's new senator, Sen. Elissa Slotkin (D-MI), only won by 0.3% in 2024.
 - The National Republican Senatorial Committee (NRSC) identified this race as one of its top targets for 2026.
 - The Democratic Senatorial Campaign Committee (DSCC) is confident in its deep Democratic bench in Michigan that includes U.S. Reps. Kristen McDonald Rivet (D-MI) and Haley Stevens (D-MI), Michigan Attorney General Dana Nessel, and Michigan State Senator Mallory McMorrow.
 - Race rating: **Toss-up**



Senator Gary Peters (D-MI)

Senator Tina Smith Announces Her Retirement

- On February 13, 2025, Senator Tina Smith (D-MN) announced she will not run for reelection to her U.S. Senate seat in 2026. She will serve the remainder of her term over the next two years, however.
- Senator Smith has served in the U.S. Senate since January 2018 – she was appointed to this seat when she was lieutenant governor of Minnesota after the resignation of former Senator Al Franken (D-MN). She then won a special election to retain her seat later in 2018, and then won a full six-year term in November 2020. She is currently the junior U.S. senator from Minnesota.
- **Electoral Impact:** Senator Smith’s retirement creates another open seat race in a competitive state, though Minnesota does lean Democratic. President Trump only lost Minnesota in 2024 by 4.3%; Senator Amy Klobuchar (D-MN) won the state by nearly 16% in 2024.
 - The National Republican Senatorial Committee (NRSC) identified this race as one of its targets for 2026.
 - The Democratic Senatorial Campaign Committee (DSCC) is optimistic due to a deep candidate pool in Minnesota, including:
 - Current Minnesota Lieutenant Governor Peggy Flanagan (D-MN) has already announced her candidacy for this Senate seat, as has former Minnesota State Senator Melisa López Franzen (D-MN).
 - Additionally, U.S. Reps. Angie Craig (D-MN) and Ilhan Omar (D-MN) have expressed interest in potentially running, as has Minnesota Attorney General Keith Ellison (D), who was previously a U.S. congressman from Minnesota’s 5th district from 2007-2019.
 - Race rating: **Lean D**



Senator Tina Smith (D-MN)

Senator Jeanne Shaheen Announces Her Retirement

- On March 12, 2025, Senator Jeanne Shaheen (D-NH) announced she will not run for reelection to her U.S. Senate seat in 2026, becoming the third incumbent Democratic senator in just the last two months to do so. She plans to serve the remainder of her term.
- Senator Shaheen served in the U.S. Senate since January 2009. She previously served as governor of New Hampshire from 1997 to 2003 and currently is the senior senator from New Hampshire. She made history as the first woman elected as governor of New Hampshire and was also the first woman in American history to serve as both governor and senator.
- **Electoral Impact:** Senator Shaheen's retirement creates yet another open seat race in a competitive state, though New Hampshire leans somewhat Democratic. President Trump lost New Hampshire in 2024 by 2.8%, and New Hampshire has had a Republican governor since 2017.
 - The National Republican Senatorial Committee (NRSC) identified this race as one of its targets for 2026.
 - Democrats feel they have a good chance to retain this seat in 2026:
 - U.S. Rep. Chris Pappas (D-NH), who has represented New Hampshire's 1st congressional district since 2019, has expressed interest in running for this U.S. Senate seat.
 - Additionally, former U.S. Rep. Annie Kuster (D-NH), who represented New Hampshire's 1st congressional district from 2013 to 2025, has said she would consider running if Rep. Pappas decided to not run.
 - On the Republican side, former U.S. senator from Massachusetts Scott Brown is considering running. Former New Hampshire governor Chris Sununu is also considering the race.
 - Race rating: **Lean D**



Senator Jeanne Shaheen (D-NH)

Congressman Sylvester Turner Passes Away

- On March 5, 2025, the late Rep. Sylvester Turner (D-TX-18) [passed away](#) after a brief illness.
- Prior to being elected to serve in the House, he was the mayor of Houston from 2016 to 2024.
- Before becoming mayor, Rep. Turner was a member of the Texas State House of Representatives from 1989 to 2016.
- Texas Governor Greg Abbott (R) has not announced a date for a special election to fill the seat yet.



The Late Congressman
Sylvester Turner (D-TX)

Congressman Raúl Grijalva Passes Away

- On March 13, 2025, the late Rep. Raúl Grijalva (D-AZ-7) [passed away](#) due to complications of treatments for lung cancer.
- Mr. Grijalva served in the U.S. House since 2003, representing southern Arizona, including parts of Tucson.
- He was the chair of the Congressional Progressive Caucus from 2009 to 2019 and was the top Democrat on the House Natural Resources Committee from 2015 to 2025, serving as chair from 2019 to 2023.
- Arizona Governor Katie Hobbs (D) announced that a special election to fill the U.S. House seat for AZ-7 will take place on September 23, 2025, with a primary election to be held on July 15, 2025.
- The deaths of the late Reps. Turner and Grijalva mean the party breakdown of the House now stands at 218-213, with four vacancies.



The Late Congressman
Raúl Grijalva (D-AZ)

Vacant House Republican Seats and Upcoming Special Elections

- There are currently two vacant seats in heavily Republican districts.
- Former Rep. Matt Gaetz (R-FL) resigned effective November 13, 2024, and did not take the oath of office for the 119th Congress despite winning reelection in November 2024.
 - The special election for this seat, the 1st congressional district of Florida, will also take place on April 1, 2025; the election will be between Jimmy Patronis (R), the outgoing Chief Financial Officer of Florida, and Gay Valimont (D).
 - This district covers the most northwest portion of Florida, including Pensacola.
- Former Rep. Michael Waltz (R-FL) resigned on Inauguration Day, January 20, 2025, to become the U.S. National Security Advisor in the Trump White House.
 - The special election for this seat, the 6th congressional district of Florida, will also take place on April 1, 2025; the election will be a contest between Florida State Senator Randy Fine (R) and Joshua Weil (D), a teacher.
 - This northeast Florida district includes Daytona Beach.
- Republicans are expected to win the special elections in FL-1 and FL-6. Assuming so, Republicans will then hold a 220-213 advantage in the House, a three-vote majority.
- However, Rep. Elise Stefanik (R-NY) will resign from the House after her April 2, 2025 Senate confirmation vote to become the next U.S. Ambassador to the United Nations. After her resignation, the House will stand at 219-213, a two-vote majority.



President Donald Trump's Approval Rating

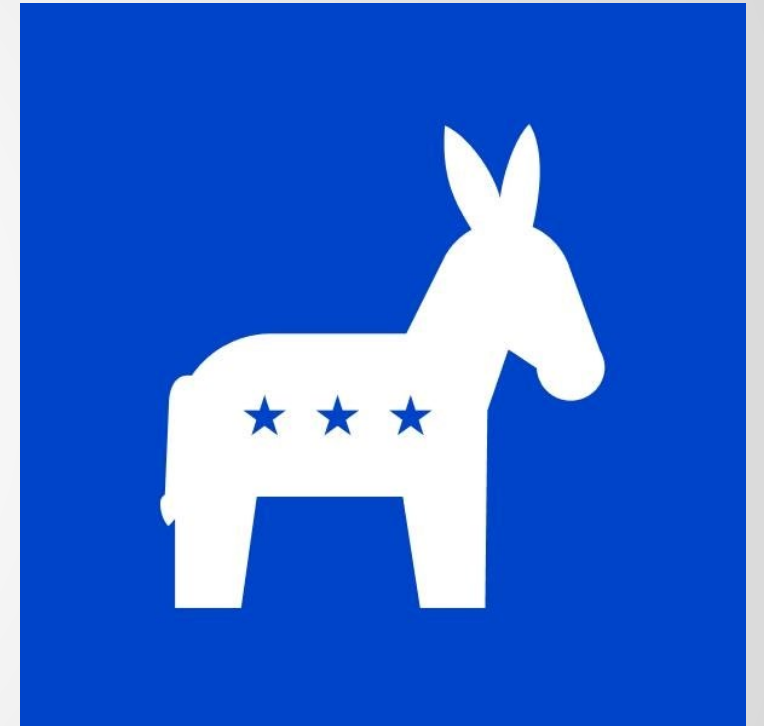
- President Donald Trump is currently enjoying the highest approval ratings he has had over the course of his two terms in office, with an average of 47% of Americans approving of the job he is doing as president.
- A recent NBC News poll also found that 44% of Americans believe the country is on the right track, which is also the highest such reading of Trump's two terms.
- While the president currently has his highest ever approval ratings, his approval rating is still net negative, as a plurality or majority of Americans across most polls indicate they disapprove of the president. President Trump opened his presidency with a net positive approval rating, but his approval rating has been shrinking over the past few weeks.
- Despite the president having his best approval ratings yet, his approval rating is the lowest of any other president in modern history in the first March of their respective first terms. Most modern presidents have had their approval ratings gradually decrease over the first year of their term.



President Donald Trump (R)

Democratic Party Reaches New Low in Popularity

- While President Trump's polling numbers are falling, the Democratic Party faces broad disapproval across the country, as just 27% of registered voters currently have a positive view of Democrats, compared to 55% of voters who have a negative view of the party. This is the party's lowest positive rating.
 - 38% of voters say they have a “very negative view of the party.”
- Part of the reason for Democrats' drop in popularity is due to independents' negative views toward the party, as 56% of independents view the party poorly, while just 11% have a positive view of the Democratic Party.
- Republicans also have a net-negative approval rating, though not as low as the Democrats. 39% of Americans say they view Republicans favorably, while 49% say they view the party negatively.
- Almost 20% of Democratic voters say they hold negative views of their own party, compared to just 10% of Republicans who say the same thing about their party.
- The Democrats' all-time low approval of 27% is actually a few points higher than the Republicans' all-time low favorability rating – Republicans had just a 22% positive rating in October 2013. However, they turned things around and achieved big victories in the 2014 midterm elections just a year later.





President Trump's White House and Administration Appointments

Announced White House Appointments – Senate Confirmation Not Required

President Trump’s key appointments to White House political positions that do NOT require Senate confirmation:



Susie Wiles
Chief of Staff



Stephen Miller
Deputy Chief of Staff
for Policy; Homeland Security
Advisor



James Blair
Deputy Chief of Staff
for Legislative, Political,
and Public Affairs



Dan Scavino
Deputy Chief of Staff



Taylor Budowich
Deputy Chief of Staff
for Communications
and Personnel



Michael Waltz
National Security
Advisor



Tom Homan
Border Czar



David Warrington
White House Counsel



Elon Musk
Department of
Government Efficiency
Chair

Announced White House Appointments – Senate Confirmation Not Required

President Trump’s key appointments to White House political positions that do NOT require Senate confirmation:



Steven Cheung
White House
Communications
Director



Karoline Leavitt
White House
Press Secretary



Alex Wong
Principal Deputy National
Security Advisor



Sebastian Gorka
Deputy Assistant to the
President and Senior
Director for
Counterterrorism



James Braid
Director of the Office of
Legislative Affairs



Brendan Carr
Chairman of the Federal
Communications Commission



Andrew Ferguson
Chairman of the
Federal Trade
Commission



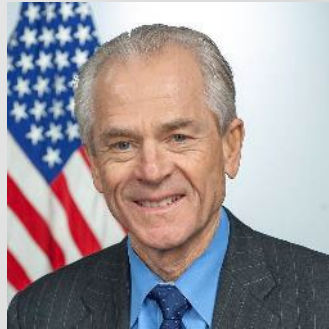
Kevin Hassett
Director of the
National Economic
Council



Vince Haley
Director of the Domestic
Policy Council



David Sacks
Chair of the President’s
Council of Advisors on
Science and Technology
(AI and Crypto Czar)



Peter Navarro
Senior Counselor to the
President, Trade and
Manufacturing

Trump Administration and Cabinet Nominees

President Trump's key administration and cabinet nominees – these positions require Senate confirmation.



Marco Rubio
Secretary of State
Confirmed, 99-0



Scott Bessent
Treasury Secretary
Confirmed, 68-29



Pete Hegseth
Defense Secretary
Confirmed, 51-50



Pam Bondi
Attorney General
Confirmed, 54-46



Doug Burgum
Interior Secretary
Confirmed, 80-17



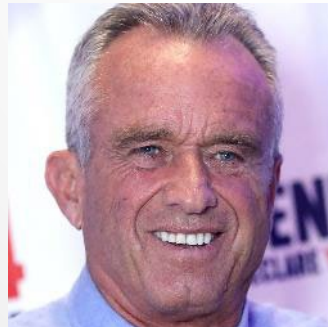
Brooke Rollins
Agriculture Secretary
Confirmed, 72-28



Howard Lutnick
Commerce Secretary
Confirmed, 51-45



Lori Chavez-DeRemer
Labor Secretary
Confirmed, 67-32



Robert F. Kennedy, Jr.
HHS Secretary
Confirmed, 52-48



Scott Turner
HUD Secretary
Confirmed, 55-44



Sean Duffy
Transportation Secretary
Confirmed, 77-22



Chris Wright
Energy Secretary
Confirmed, 59-38

Announced Trump Administration and Cabinet Nominees

President Trump's key administration and cabinet [nominees](#) – these positions require Senate confirmation.



Linda McMahon
Education Secretary
Confirmed, 51-45



Doug Collins
Veterans Affairs Secretary
Confirmed, 77-23



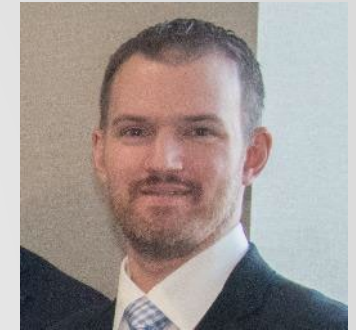
Kristi Noem
Homeland Security
Secretary
Confirmed, 59-34



Lee Zeldin
EPA Administrator
Confirmed, 56-42



Tulsi Gabbard
Director of National Intelligence
Confirmed, 52-48



Jamieson Greer
U.S. Trade
Representative
Confirmed, 56-43



Rep. Elise Stefanik
U.S. Ambassador to the UN



Former Sen. Kelly Loeffler
Small Business
Administrator
Confirmed, 52-46



Russell Vought
OMB Director
Confirmed, 53-47



John Ratcliffe
CIA Director
Confirmed, 74-25



Dr. Mehmet Oz
CMS Administrator



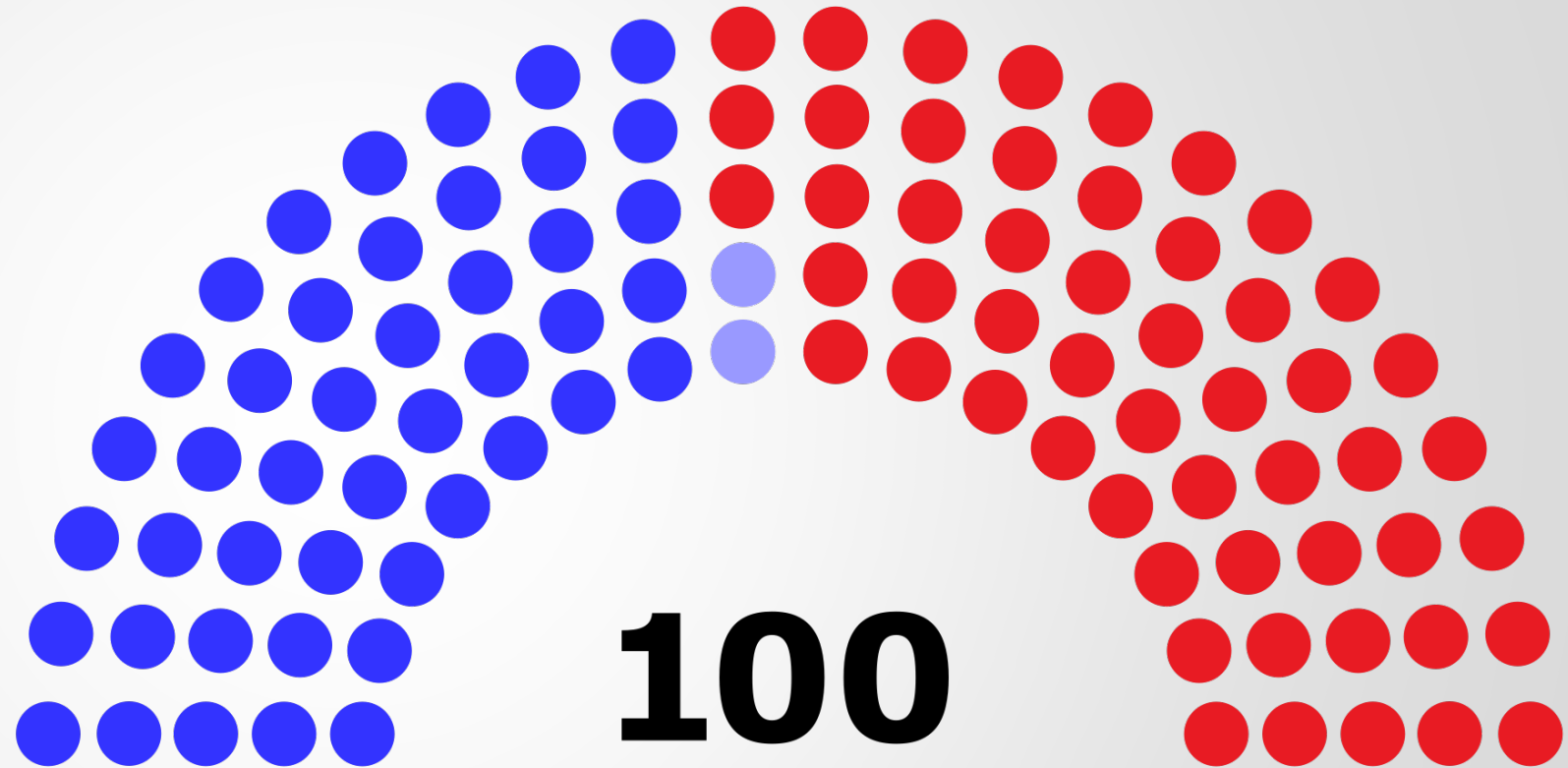
Dr. Martin Makary
FDA Commissioner
Confirmed, 56-44



Current State of Play for the 119th Congress

Composition of the U.S. Senate

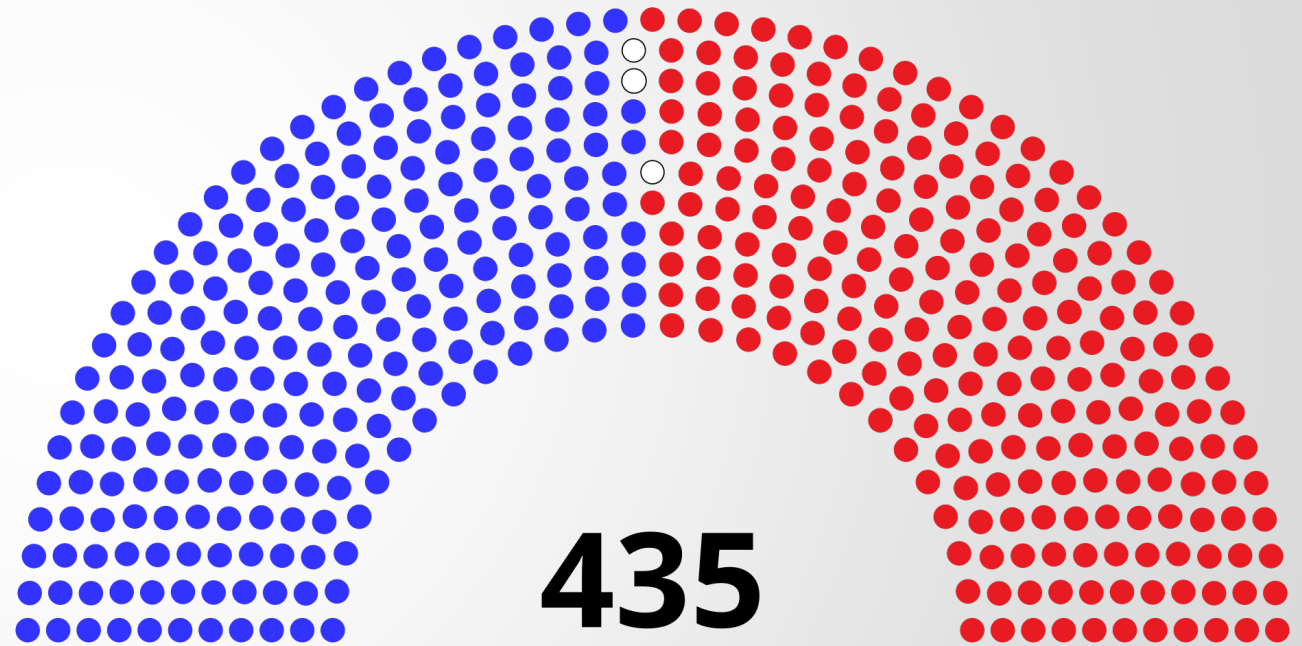
- Republicans currently hold a 53-47 majority in the U.S. Senate.
- This is the same margin Republicans had the last time they held the Senate majority (116th Congress, Jan. 2019 to Jan. 2021).
- The Senate Democratic Caucus includes two independent senators who caucus with the Democrats – Sens. Bernie Sanders (I-VT) and Angus King (I-ME).



Source: Parliament Diagram Tool

Composition of the U.S. House of Representatives

- Republicans currently hold a 218-213 majority in the House of Representatives, a two-vote margin. While two special elections in heavily Republican districts on April 1, 2025 will increase that majority to 220-213, this majority will shrink back down to 219-213 once Rep. Elise Stefanik (R-NY) is confirmed as the next U.S. Ambassador to the UN by the Senate, which is expected to be on April 2, 2025. A 219-213 majority would be a two-vote margin.
- Two current vacancies and one upcoming vacancy are in very Republican districts, and two vacancies are in deep blue Democratic districts. When these seats are all filled via special election, the House count will very likely be 220-215 in favor of the Republicans, a two-vote margin.
- The 220-215 elected Republican majority was the smallest full capacity House majority for either party since Republicans held a 215-214 majority in the 65th Congress (1917-1919).





119th Congress Calendars

2025 Senate Calendar

- As of now, the Senate plans to be in session for 37 weeks in 2025, with a total of 179 legislative days, a period longer than each year of the previous Republican Senate majority from 2015 to 2020.
- By comparison, in 2024, the Senate was in session for 29 weeks, with a total of just 102 legislative days.
- A notable feature of the new Senate calendar is how many session Fridays there are. In the past, the Senate has usually ended its weeks on Thursdays even when that respective Friday is listed as a session day. For 2025 though, Sen. Thune has said he is serious about keeping the Senate in session on Fridays of session weeks. However, while the Senate has been in session on a couple Fridays this year, it has still been out of session for the majority of Fridays so far this year.
- The Senate did not even have its first recess week of 2025 until last week, the week of March 17, 2025.
- The Senate's next recess period will be during the weeks of April 14 and April 21, 2025 for the annual two-week Easter/Passover recess.

JOHN BARRASSO
Majority Whip

DICK DURBIN
Democratic Whip

UNITED STATES SENATE
119th Congress, 1st Session
2025

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							1							1		
5	6	7	8	9	10	11	2	3	4	5	6	7	8	2	3	4	5	6	7	8			
12	13	14	15	16	17	18	9	10	11	12	13	14	15	9	10	11	12	13	14	15			
19	20	21	22	23	24	25	16	17	18	19	20	21	22	16	17	18	19	20	21	22			
26	27	28	29	30	31	23	24	25	26	27	28	23	24	25	26	27	28	29					
<small>SENATE CONVENES JANUARY 3, 2025</small>													30	31									
APRIL							MAY							JUNE									
													1	2	3	1	2	3	4	5	6	7	
6	7	8	9	10	11	12	4	5	6	7	8	9	10	8	9	10	11	12	13	14			
13	14	15	16	17	18	19	11	12	13	14	15	16	17	15	16	17	18	①	20	21			
20	21	22	23	24	25	26	18	19	20	21	22	23	24	22	23	24	25	26	27	28			
27	28	29	30	25	26	27	28	29	30	31	29	30											
JULY							AUGUST							SEPTEMBER									
															1	2	①	2	3	4	5	6	
6	7	8	9	10	11	12	3	4	5	6	7	8	9	7	8	9	10	11	12	13			
13	14	15	16	17	18	19	10	11	12	13	14	15	16	14	15	16	17	18	19	20			
20	21	22	23	24	25	26	17	18	19	20	21	22	23	21	22	23	24	25	26	27			
27	28	29	30	31	24	25	26	27	28	29	30	28	29	30									
							31																
OCTOBER							NOVEMBER							DECEMBER									
																1	1	2	3	4	5	6	
5	6	7	8	9	10	11	2	3	4	5	6	7	8	7	8	9	10	11	12	13			
12	①	13	14	15	16	17	18	9	10	①	12	13	14	15	14	15	16	17	18	19	20		
19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	②	26	27			
26	27	28	29	30	31	23	24	25	26	②	28	29	28	29	30	31							
							30																

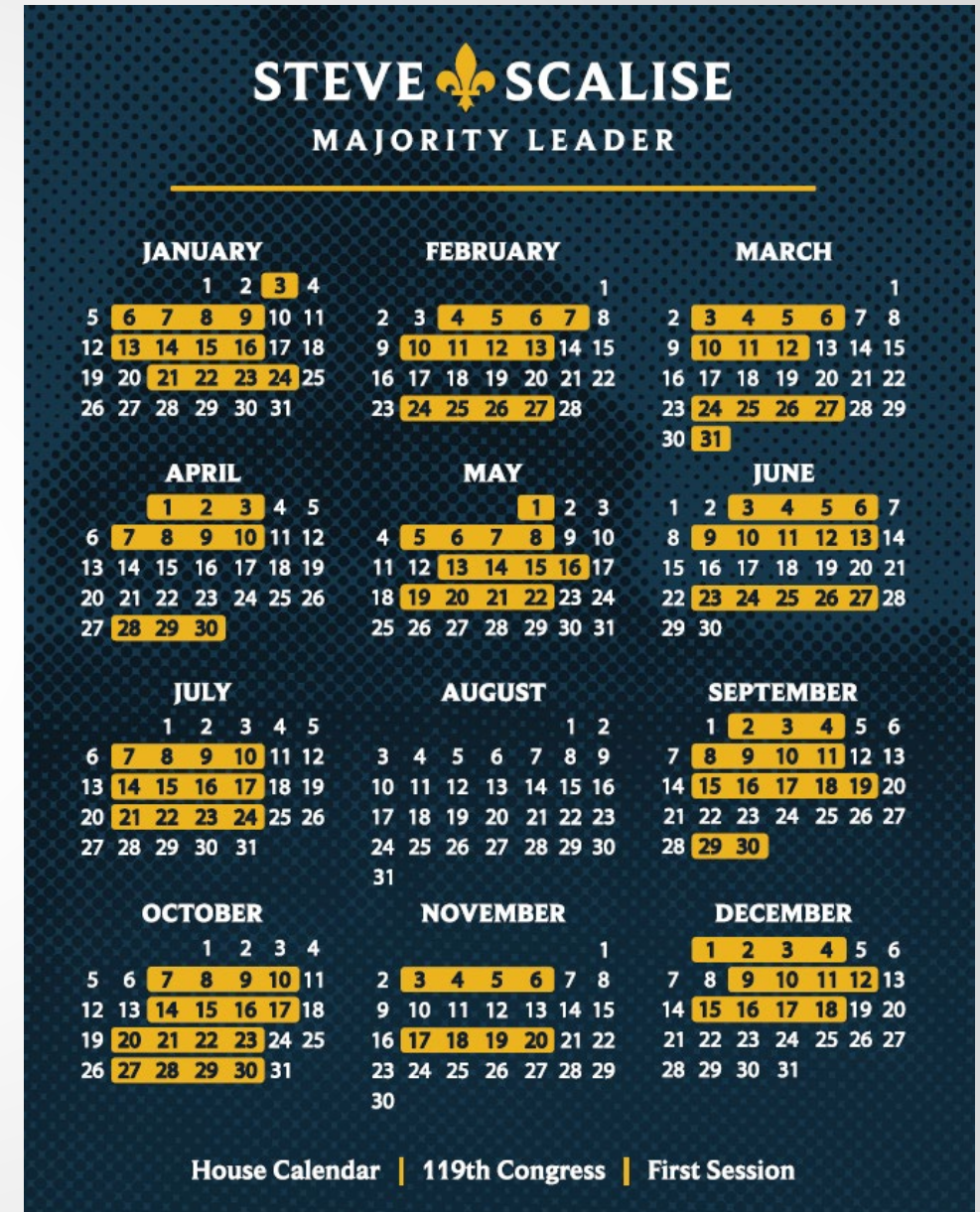
Red dates = Senate not in session
○ = Federal Holiday

1ST SESSION CONVENES—JANUARY 3, 2025
TARGET ADJOURNMENT—DECEMBER 19, 2025

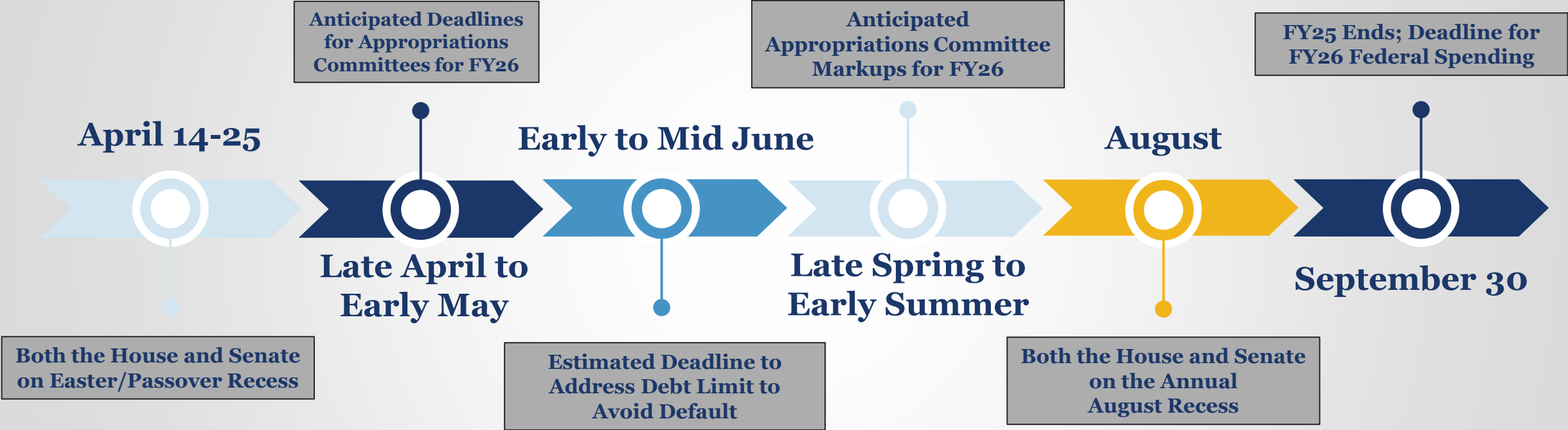
GPO: 2024 57-753 (mac)

2025 House Calendar

- This will be a busy year for the House, as the House will be in session for 33 weeks in 2025, with a total of 136 legislative days.
- By comparison, in 2024, the House was in session for 28 weeks, with a total of just 110 legislative days.
- The busiest in-session stretch will come from October 7 to November 6, 2025, when the House will be in session for five straight weeks.
- The House was on recess last week (the week of March 17, 2025).
- The House's next recess period will be during the weeks of April 14 and April 21, 2025 for the annual two-week Easter/Passover recess.



Congressional Key Dates





Appropriations and Reconciliation

FY25 Appropriations



Senate Minority Leader Chuck Schumer (D-NY), Minority Whip Dick Durbin (D-IL), Sens. Cory Booker (D-NJ), and Amy Klobuchar (D-MN)

- On March 14, 2025, Congress avoided a government shutdown by passing a [Continuing Resolution \(CR\)](#), extending current government funding levels through the remainder of the fiscal year (September 30, 2025).
- The CR includes select funding flexibilities and anomalies for certain programs, including an increase of \$6 billion for defense spending under certain accounts, while also reducing funding levels in several non-defense spending accounts, including funding across several Community Project Funding (CPF) accounts.
- The final CR was approved in the House (217-213) largely on a party line vote, with one Democrat, Rep. Jared Golden (D-ME) voting with nearly all Republicans, and in the Senate (54-46) with Sens. Jeanne Shaheen (D-NH) and Angus King (I-ME) voting in favor.
- While the final vote in the Senate was largely passed on party-lines, 10 Democratic senators (listed below) were needed to overcome the filibuster: Minority Leader Chuck Schumer (D-NY), Minority Whip Dick Durbin (D-IL), Sens. Catherine Cortez Masto (D-NV), Maggie Hassan (D-NH), John Fetterman (D-PA), Gary Peters (D-MI), Brian Schatz (D-HI), Kristen Gillibrand (D-NY), Jeanne Shaheen (D-NH), and Angus King (I-ME).

FY25 Appropriations



Senate Majority Leader John Thune (R-SD)

- For months, House and Senate appropriations leaders continued negotiations but were ultimately unable to agree on topline spending numbers for FY25.
- The Trump administration's efforts to unilaterally cut federal programs and lay off federal employees significantly complicated negotiations. Democrats called for any spending agreement to include assurances that the White House will abide by the spending levels set by Congress, which Republicans rejected.
- In the end, Democrats advocated for a short-term CR to keep the government open until April 11, 2025, allowing time to finalize all 12 appropriations bills, but Republicans instead advanced a long-term CR to allow lawmakers to turn their attention to the FY26 cycle.
- Senate Minority Leader Schumer's decision to support the Republican-led CR sparked backlash within his own party as other senior Democratic leaders publicly opposed the measure.

FY25 Appropriations – What’s in the CR?



House Speaker Mike Johnson (R-LA) with House Freedom Caucus Chair Andy Harris (R-MD) and House Majority Leader Steve Scalise (R-LA)

- The FY25 CR extended FY24 funding levels, though there were additional policies and anomalies which deviated from prior year funding levels. These include:
 - Reduces account funding levels to remove FY24 funding for community project requests (“earmarks”)
 - Increases total defense spending by \$6 billion, but cuts Department of Defense (DoD) medical research fund by \$1.2 billion and select research accounts
 - Increases funding transfer authority for the DoD to \$8 billion to allow flexibility to fund new programs before congressional approval
 - Increasing funding for low-income food programs and immigration enforcement
- The CR included a provision that would create a \$1 billion shortfall in Washington, D.C.’s city budget. As part of the time agreement that Senators reached to move the CR forward, the Senate agreed to also vote separately on a bill that would reverse the cuts made to the District of Columbia budget in the CR; that fix passed the Senate via voice vote. However, the House has not addressed this fix yet.

FY26 Appropriations Cycle Begins



House Appropriations Chair Tom Cole (R-OK)

- With government funding extended through the end of FY25, lawmakers will start the FY26 appropriations process and set committee deadlines for requests.
- With Republicans in control of both chambers, Republican appropriators may consider adjustments to the guidance for congressionally directed spending.
- Given the new administration and delayed completion of the prior year appropriations process, the president's FY26 Budget Request is expected to be delayed.
- It also remains unclear how the Trump administration's actions surrounding federal funding pauses and agency reorganization efforts may influence the appropriations process.

Budget Reconciliation

- The reconciliation process enables the majority party to pass legislation in the Senate with just a simple majority of 50+1 rather than a 3/5 majority (60 votes), as reconciliation bills are “privileged” and cannot be filibustered. However, reconciliation can only be used a couple times per Congress, and there are limits to which provisions can be considered under reconciliation.
- Generally, all provisions in a reconciliation bill must be germane to changing federal spending or revenues, and/or the federal debt ceiling.
- The “Byrd Rule,” which regulates the reconciliation process in the Senate, enables senators, usually of the minority party, to block portions of a reconciliation bill that are considered “extraneous” to the objective of enacting budget changes.
- Examples of recent notable reconciliation bills include include the American Rescue Plan Act of 2021 ([P.L. No: 117-2](#)) and the Inflation Reduction Act (IRA) of 2022 ([P.L. No: 117-169](#)), which were two of President Joe Biden’s (D) biggest legislative achievements, and the Tax Cuts and Jobs Act of 2017 ([P.L. No: 115-97](#)), which was President Donald Trump’s signature legislative achievement from his first term.



Former President Joe Biden signs the Inflation Reduction Act of 2022 into law, the most recent reconciliation bill to be signed into law.

Republican Reconciliation Plans

- Congressional Republicans and the White House are trying to utilize the reconciliation process to advance President Trump’s top policy priorities.
- The House and the Senate have both passed their own budget resolutions, however, the two chambers need to reconcile key differences between their respective resolutions. The two chambers must pass the same resolution to unlock the budget reconciliation process.
- The Senate’s [budget resolution](#) (S.Con.Res. 7), referred to as a “skinny bill,” calls for increases in spending pertaining to defense, immigration, border, and energy policies. Unlike the House measure, the Senate’s budget resolution does not contemplate an extension of President Trump’s 2017 tax cuts from the Tax Cuts and Jobs Act of 2017.
 - The Senate prefers a two-bill reconciliation strategy in which they address tax policies in a second bill, whereas the House prefers a one-bill strategy that includes all of President Trump’s priorities in one single bill.
- The House [budget resolution](#) (H.Con.Res. 14), among other directives, instructs the House Energy and Commerce (E&C) to reduce spending from programs within its jurisdiction by \$880 billion. Much of these cuts are expected to come from Medicaid. Republicans appear to be focusing on potentially enacting cuts to the Medicaid *expansion* population. The Affordable Care Act (ACA) expanded Medicaid eligibility to up to 138% of the federal poverty level (FPL).
- The House’s budget resolution also gives the House Ways and Means (W&M) Committee instructions to draft \$4.5 trillion in tax cuts.
- House Republican leadership recently pledged to address Medicare pay cuts for physicians (the “doc fix”) in the reconciliation package.



President Donald Trump signing the Tax Cuts and Jobs Act of 2017 into law, the last Republican-led reconciliation bill to be enacted.

Reconciliation – Senate GOP Budget Resolution

- Senate committees had to submit their budget reduction or spending recommendations to the House and Senate Budget Committees by March 7, 2025. Charts of the full reconciliation instructions for each chamber are below.

SENATE	
Agriculture	\$1 billion reduction
Armed Services	\$150 billion spending
Commerce	\$20 billion spending
Energy / Nat. Resources	\$1 billion reduction
Environ. / Public Works	\$1 billion reduction
Finance	\$1 billion reduction
HELP	\$1 billion reduction
HSGAC	\$175 billion spending
Judiciary	\$175 billion spending

HOUSE	
Agriculture	\$1 billion reduction
Armed Services	\$150 billion spending
Education & Workforce	\$1 billion reduction
Energy & Commerce	\$1 billion reduction
Natural Resources	\$1 billion reduction
Homeland Security	\$175 billion spending
Judiciary	\$175 billion spending
Transportation	\$20 billion spending

Reconciliation – House GOP Budget Resolution

- House committees must submit their budget reduction or spending recommendations to the House Budget Committee by March 27, 2025. The chart of the full reconciliation instructions for each committee is below.

HOUSE	
Agriculture	\$230 billion reduction
Armed Services	\$100 billion increase
Education & Workforce	\$330 billion reduction
Energy & Commerce	\$880 billion reduction
Financial Services	\$1 billion reduction
Natural Resources	\$1 billion reduction
Homeland Security	\$90 billion increase
Judiciary	\$110 billion increase
Oversight & Gov. Reform	\$50 billion reduction
Transportation	\$10 billion reduction
Ways & Means	\$4.5 trillion increase



Other Key Legislative and Policy Updates

Tax Update

- The House budget resolution, which aims to include all the Trump administration's policy priorities in a single bill, provides for \$4.5 trillion in spending by the Ways and Means Committee – enough to extend the Tax Cuts and Jobs Act (TCJA) by 10 years.
- This limit is the result of negotiations with more conservative members of the House Republican Caucus.
- The Senate adopted a narrower resolution excluding the Trump administration's tax policy priorities. Following the Trump administration's public endorsement of the House strategy in February, Senate leadership have indicated they are willing to adopt the House plan but will continue to advance their two-bill proposal as a backstop.
- In a speech to the Chamber of Commerce, Senate Finance Committee chair Mike Crapo (R-ID) proposed broadening the Senate's tax legislation to include an extension of the Child Tax Credit and an increase to the state and local tax (SALT) deduction cap in addition to the Trump administration's priorities, driving up its cost further.



Speaker Mike Johnson (R-LA)



Senate Majority Leader John Thune (R-SD)

Tax Update

- House and Senate Republicans also remain divided on how to score the legislation.
- Senate leaders, including Sen. Crapo, insist on using current policy scoring, which assumes the TCJA never expires and therefore has no budgetary impact. The strategy was endorsed by President Trump during a private meeting with Senate Republican leadership March 13, 2025.
- House leaders, including Ways and Means Committee Chair Jason Smith (R-MO), resist the strategy, citing concerns it may be rejected by the Senate Parliamentarian and jeopardize the reconciliation process.
- Chair Smith's opposition is echoed by conservative members of the House Republican Caucus, including Rep. Chip Roy (R-TX), who described the strategy as "fairy dust" and indicated he will oppose legislation that does not account for the cost of extending the TCJA.
- The Ways and Means Committee began the process of drafting the text of their reconciliation legislation with a series of all-day meetings in early March, which allowed legislators to express concerns regarding various provisions privately.



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



Senate Finance Committee Chair Mike Crapo (R-IA)

Financial Services – Senate Advances Stablecoin Bill



Senate Banking Committee Chairman Tim Scott (R-SC)

- On March 13, 2025, the Senate Banking, Housing, and Urban Affairs Committee advanced legislation ([S. 394](#)) to create a regulatory framework for stablecoins with bipartisan support. The legislation would establish licensing rules and currency reserve requirements for depository stablecoin issuers above \$10 billion in market capitalization.
- The bill received support from Sens. Angela Alsobrooks (D-MD), Mark Warner (D-VA), Ruben Gallego (D-AZ), Andy Kim (D-NJ), and Lisa Blunt Rochester (D-DE), alongside all committee Republicans.
- Bipartisan support will be necessary to overcome a likely filibuster from Ranking Member Elizabeth Warren (D-MA), who argued the legislation fails to establish adequate consumer protections.
- The House Financial Services Committee is working on a companion bill that is substantially similar, increasing chances that a compromise bill will go to President Trump this year.

Recent Tariff Developments

Tariff Measure	Status
<p>Tariffs on All Imports from Canada and Mexico</p> <ul style="list-style-type: none"> Imposed under the International Emergency Economic Powers Act (IEEPA) 	<ul style="list-style-type: none"> February 1, 2025: 25% tariffs announced (paused for 30 days). March 4, 2025: 25% tariffs went into effect. March 6, 2025: Partial pause went into effect. Tariffs now only apply to goods that do not satisfy U.S.-Mexico-Canada Agreement (USMCA) preferential Rules of Origin. No end date for partial pause but may be revisited on April 2, 2025.
<p>Tariffs on Nearly All Imports from China</p> <ul style="list-style-type: none"> Imposed under IEEPA 	<ul style="list-style-type: none"> February 1, 2025: 10% tariffs announced. February 4, 2025: 10% tariffs went into effect. March 4, 2025: President Trump increased the tariffs to 20%. Tariffs impact Chinese finished goods or parts/inputs imported into the United States from China
<p>Steel and Aluminum Tariffs</p> <ul style="list-style-type: none"> Imposed under Section 232 	<ul style="list-style-type: none"> February 10, 2025: President Trump signed proclamations to expand tariffs on imports of steel and aluminum products from all countries. Eliminates exclusions and exemptions for various countries and company-specific product exclusions. Also expanded existing tariffs to steel and aluminum containing downstream products. Tariffs now apply to most steel and aluminum products from all countries. March 12, 2025: The expanded tariffs went into effect.
<p>Reciprocal Tariffs</p>	<ul style="list-style-type: none"> February 13, 2025: President Trump announced plan to impose “reciprocal tariffs” that aim to address perceived imbalances in tariff rates and other trade barriers and taxes. April 2, 2025: President Trump is expected to announce details. Separate tariffs on cars, pharmaceutical products, and semiconductors also contemplated.

Defense Updates

- **Defense Budget Updates:**

- Continuing Resolution: On March 14, 2025, Congress passed a CR to fund the government through the remainder of the fiscal year at FY24 funding levels. The CR included an additional \$6 billion for the Department of Defense (DOD) budget and provided flexibility for the Pentagon to begin new programs and transfer funds across accounts. However, the bill also reduced funding for defense research.
- Defense Budget Cuts: According to a leaked memorandum, DOD Secretary Hegseth is directing the Pentagon to cut its FY26 budget by 8% to realign funding for President Trump's priorities such as border protection. Democrats expressed concerns, while some Republicans praised the proposal. Notably, Republicans are also contemplating \$150 billion in additional defense spending through the reconciliation process.

- **The National Defense Authorization Act (NDAA):**

- The House (HASC) and Senate Armed Services (SASC) Committees have begun the process of drafting the FY26 NDAA, taking committee member request letters and scheduling the annual posture hearings.
- House member request letters were due to HASC in early March. SASC member policy requests are due to the committee by March 31, 2025, while budget requests will be due 10 days after the release of the president's FY26 budget.



Education – Administration Update

- The Senate confirmed Linda McMahon as Education Secretary on March 3, 2025, by a 51-45 vote. The administration announced additional political appointments at the Department of Education (ED), which can be found [here](#) and [here](#).
- The Trump administration’s executive actions over the past month have impacted the education sector significantly. Relevant actions include:
 - [Directing](#) the ED and Health and Human Services (HHS) Secretaries to find ways to revoke federal funding from schools with COVID-19 vaccine mandates.
 - [Restricting](#) individuals working for organizations the administration deems as engaging in “activities that have a substantial illegal purpose” from participating in the Public Service Loan Forgiveness program.
 - [Clarifying](#) policy on various diversity, equity, and inclusion (DEI) programs at K-12 schools and higher education institutions. ED also released an [FAQ document](#) intended to provide additional clarification.
 - [Creating](#) an “End DEI” hotline to collect information from stakeholders on “illegal discriminatory practices at institutions of learning.”



Education Secretary
Linda McMahon

Education – Administration Update

- The department announced [its Reduction in Force \(RIF\) plan](#), something all agencies were required to do by March 14, 2025. The RIF outlined a nearly 50% reduction in workforce, going from 4,133 workers to 2,183 (including layoffs and those who resigned voluntarily).
- These cuts, which were previewed in Secretary McMahon’s “[final mission](#)” communication, will affect various offices throughout the agency and include cuts to the Institute of Education Sciences, Office for Civil Rights, Office of Elementary and Secondary Education, Federal Student Aid, IHE Oversight & Enforcement Office, and the elimination of the Office of Education Technology.
 - A group of 21 Democratic Attorney Generals [sued](#) the administration over its plans to close the department, including its reduction in force within ED. The lawsuit urged the judge to block any order that incapacitates ED or seeks to comply with President Trump’s directive to close the department.
- On March 20, 2025, President Trump signed an [executive order](#) (EO) titled, “Improving Education Outcomes by Empowering Parents, States, and Communities.” This EO [directs](#) Secretary McMahon to begin the process of dismantling and eventually closing the Department of Education.
 - The Department of Education cannot be fully abolished and closed without an act of Congress. Shortly after the president signed this executive order, Senator Bill Cassidy (R-LA), the chair of the Senate Health, Education, Labor, and Pensions (HELP) Committee, [announced](#) on social media that he will submit legislation to accomplish the president’s goal of closing the department “as soon as possible.”
- On March 14, 2025, ED’s Office for Civil Rights (OCR) opened [investigations](#) into 45 universities for allegedly “engaging in race-exclusionary practices in their graduate programs,” six universities for allegedly awarding race-based scholarships, and one university that allegedly administered a program that segregates students. On March 10, 2025, ED also sent [letters](#) to 60 institutions warning of potential enforcement actions, including the potential loss of federal funding, if institutions do not fulfill OCR obligations to protect Jewish students on campus.
- In its March 18, 2025 [report](#), Moody’s revised its ratings of the higher education sector from “stable” to “negative,” citing funding cuts, enforcement actions, and ED staff reductions, etc., lead to “a more difficult operating environment for colleges and universities.”

Education – Congressional Activity

- A Senate Judiciary Committee March 5, 2025 [hearing](#) examined antisemitism through a student lens. The committee also discussed antisemitism during its hearing on February 26, 2025 to consider the nomination of Harmeet Dhillon to lead the DOJ's Civil Rights Division.
- The House Education and Workforce Subcommittee on Higher Education and Workforce Development held a March 5, 2025 [hearing](#) on the Workforce Innovation and Opportunity Act (WIOA), which has not been reauthorized since 2014. WIOA reform is a bipartisan, bicameral issue that almost passed last Congress. The Stronger Workforce for America Act ([H.R. 6655](#), 118th) passed the House last year by wide margins and was included in the original budget deal drafted at the end of last Congress, but provisions were later dropped when the incoming administration voiced concerns.
- On March 11, 2025, the House Education and Workforce Subcommittee on Early Childhood, Elementary, and Secondary Education held a [hearing](#) aiming to examine the potential benefits of various school choice programs.
- Addressing issues for collegiate student athletes remains a top priority for the House this Congress. Over the last month, the [House Energy & Commerce](#) and [House Judiciary](#) Committees held hearings on issues like name, image, and likeness (NIL) and antitrust laws, including liability for the NCAA rules concerning NIL payments, transfers, and eligibility.



Senate Judiciary Committee
Chair Chuck Grassley (R-IA)

Congress Passes CR, Extends Key Health Programs

- Congress passed a [Continuing Resolution](#) on March 14, 2025, averting a federal government shutdown and providing funding through September 30, 2025.
 - The CR eliminates earmarks and is “clean” of extraneous provisions except for those extending certain expiring programs, including Community Health Centers (CHCs), the National Health Service Corps (NHSC), and Teaching Health Centers.
 - The CR delays \$1.3 billion in Medicaid Disproportionate Share Hospital (DSH) cuts, extends short-term Medicare telehealth flexibilities, and maintains a 2% across-the-board Medicare sequestration cut for physician payments.
 - The bill does not include the bipartisan health policies previously included in December’s failed CR, including reforms to pharmacy benefit managers (PBMs) and a “doc fix” to mitigate Medicare physician cuts.
 - Notably, Senator Rick Scott (R-FL) objected to Democrats’ unanimous consent (UC) request to pass the bipartisan healthcare package along with the CR, without stating why.
- **What’s Next?** House Speaker Mike Johnson (R-LA) committed to addressing several remaining health items via reconciliation, including a doc fix, but the costs of such proposals may complicate future consideration.

Republicans' Reconciliation Negotiations Continue

- Passing President Trump's policy agenda via reconciliation continues to be a top priority for congressional Republicans, but the House and Senate are still at odds.
 - After the Senate passed its budget resolution ([S.Con.Res. 7](#)), the House passed its version ([H.Con.Res 14](#)), directing the House Energy & Commerce Committee to reduce spending by \$880 billion over 10 years.
 - Significant cuts to Medicare and/or Medicaid are likely required to attain that level of savings, though Medicaid cuts will likely be the focus.
 - Speaker Johnson recently ruled out (1) Medicaid per capita caps and (2) lowering the Federal Medical Assistance Percentage (FMAP) (i.e., the share of Medicaid federal dollars received by states), saying the focus will be on eliminating “fraud, waste, and abuse.”
 - While it's unclear whether eliminating just fraud, waste, and abuse could achieve \$880 billion in savings, Paragon Health Institute [recently estimated](#) \$1.1 trillion in improper Medicaid payments.
 - Despite Speaker Johnson's recent statements, Republicans may still choose to establish Medicaid per capita caps and lower the FMAP for Medicaid's *expansion population*, which includes over 20 million people with incomes up to 138% of the federal poverty level. Other proposals floated include Medicaid work requirements and limiting state Medicaid provider taxes.
- **What's Next?** Senate and House Republicans will continue negotiations, including with the White House, on the best path forward for reconciliation proposals.

Trump to HHS: Make America Healthy Again (MAHA)

- On February 11, 2025, President Trump directed federal agencies to implement the Department of Government Efficiency's (DOGE) Workforce Optimization Initiative.
 - All federal agencies have been directed to require all workers to return in-person and develop plans for large-scale reductions in force. The RIFs have already begun to be implemented at health agencies, including the Centers for Disease Control (CDC), National Institutes of Health (NIH), and Food and Drug Administration (FDA).
- On February 13, 2025, President Trump issued an executive order establishing the MAHA Commission led by HHS Secretary RFK Jr.
 - The EO outlines the new MAHA Commission's membership and directs the group to address rising rates of mental health disorders, obesity, diabetes, and other chronic childhood diseases in the U.S.
- On February 25, 2025, President Trump issued an executive order titled, "Making America Healthy Again by Empowering Patients with Clear, Accurate, and Actionable Healthcare Pricing Information."
 - The EO directs the Secretaries of the Treasury, Labor, and HHS to enforce price transparency laws for hospitals and health plans, an initiative supported by President Trump during his first term.
 - The EO claims the Biden administration failed to fully enforce a previous Trump administration rule that required health plans to publicly post prescription drug prices.



HHS Secretary RFK Jr. and
President Trump

Trump's Health Agency Picks Undergo Senate Nomination

- In early February, the Senate voted to confirm Robert F. Kennedy Jr. as Department of Health and Human Services Secretary.
- President Trump has nominated the following people to head HHS' subagencies, and most await full Senate consideration.
 - Dr. Marty Makary as Food and Drug Administration Commissioner: Dr. Makary is a professor and surgeon at Johns Hopkins Medical School. He testified before the Senate HELP Committee on March 6, 2025, and the committee favorably reported his nomination on March 13, 2025 in a 14-9 vote, with Sens. Maggie Hassan (D-NH) and John Hickenlooper (D-CO) joining Republicans in advancing his nomination.
 - Dr. Jay Bhattacharya as National Institutes of Health (NIH) Director: Dr. Bhattacharya is a health economist and Stanford University professor. He testified before the Senate HELP Committee on March 5, 2025, and the committee favorably reported his nomination on March 13, 2025 in a party-line vote.
 - Dr. Mehmet Oz as Centers for Medicare & Medicaid Services (CMS) Administrator: Dr. Oz is a former heart surgeon and TV personality who later ran for Senate in Pennsylvania in 2022. He testified before the Senate Finance Committee on March 14, 2025.
 - Former Rep. Dave Weldon (R-FL) to be Centers for Disease Control and Prevention (CDC) Director: Minutes before Senate HELP was set to hold the CDC nomination hearing, the White House withdrew Mr. Weldon's nomination given a shortage of Republican support, likely tied to his past skepticism regarding vaccines.



Dr. Marty Makary:
Nominee for
Commissioner of
the FDA



Dr. Jay Bhattacharya:
Nominee for Director of
the NIH



Dr. Mehmet Oz:
Nominee for
Administrator of CMS



Dave Weldon:
Former Nominee for
Director of the CDC

Health Agency Updates



Robert F. Kennedy Jr., U.S.
Department of Health and Human
Services (HHS) Secretary

- On February 7, 2025, NIH capped grantees' indirect research costs to 15%, but the change could be reversed or amended in future court proceedings.
 - The NIH's average funding rate for indirect costs was previously 30% with some research universities receiving over 60%. A federal judge has placed NIH's 15% indirect funding cap on hold while litigation proceeds.
 - Congress passed an appropriations bill in 2018, which included a provision that prohibited changes to NIH indirect cost policies and rates from those in the third quarter of Fiscal Year 2017. This provision has been included in annual appropriations bills ever since, indicating that Congress may intervene again to adjust NIH's policy in the future.
- On February 28, 2025, HHS published a policy statement rescinding the Richardson Waiver, significantly changing the public comment process.
 - HHS' departure from the Richardson Waiver means that, going forward, HHS generally does not intend to engage in notice-and-comment rulemaking for matters related to agency management or personnel or to public property, loans, grants, benefits, or contracts, except as required by law.
 - In 1971, HHS adopted the Richardson Waiver, using the Administrative Procedure Act's notice-and-comment rulemaking procedures for rules and regulations relating to public property, loans, grants, benefits, or contracts.
- Dr. Oz indicated he would implement CMS' Drug Price Negotiation Program, as passed under the Biden administration's Inflation Reduction Act (IRA).
 - In addition, CMS recently posted an infographic for the Medicare Drug Price Negotiation Program's selection process in the initial price applicability year of 2027.
 - During his confirmation, Dr. Oz affirmed his commitment to over seeing the Medicare Drug Price Negotiation process.

Energy and Environment – CRA Resolutions



House Majority Leader Steve Scalise (R-LA)

- Since the start of the new Congress, the House and Senate have considered a number of Congressional Review Act resolutions to rollback Biden administration energy and environment regulations:
 - [H. J. Res. 35](#) repeals an Environmental Protection Agency (EPA) rulemaking implementing fees on methane emissions from oil and gas projects established as part of the Inflation Reduction Act (P.L. 117-169). The resolution was signed into law on March 14, 2025.
 - [H. J. Res. 42](#) would rescind Department of Energy (DOE) regulations on certification and labeling requirements for household appliances.
 - [H. J. Res. 20](#) would rescind a DOE rule strengthened efficiency standards for gas-fired water heaters.
 - [S. J. Res. 11](#) would nullify Bureau of Ocean Energy Management (BOEM) rules concerning archeological resources for offshore oil and gas development. The resolution was signed into law on March 14, 2025.

Energy and Environment – Permitting Reform Hearing

- On February 19, 2025, the Senate Environment and Public Works (EPW) Committee held a [hearing](#) titled, “Improving the Federal Environmental Review and Permitting Processes,” focused on potential reforms to address delays from the permitting review process and related legal challenges.
- Senators from both parties expressed interest in bipartisan permitting reform legislation, and Chair Shelley Moore Capito (R-WV) committed to working across the aisle and with lawmakers in the House on “meaningful reforms” to make the environmental review process “more efficient, more predictable, and more transparent.”
- Democrats noted that Trump administration actions complicate the path to finding bipartisan consensus — Ranking Member Sheldon Whitehouse (D-RI) said that while he has engaged other lawmakers about permitting reform, Democrats “will not agree to any permitting reform” unless the Trump administration stops disregarding “congressional authority and judicial orders.”



Senate EPW Chairwoman Shelley Moore Capito (R-WV)

Energy and Environment – Mining and Critical Minerals Hearing



Senate Energy and Natural Resources Committee
Chairman Mike Lee (R-UT)

- On March 12, 2025, the Senate Energy and Natural Resources (ENR) Committee held a hearing to consider legislation related to mining and critical minerals:
 - The Critical Mineral Consistency Act ([S. 714](#)), led by Chair Mike Lee (R-UT), would expand the U.S. Geological Survey’s (USGS) critical minerals list to include copper, electrical steel, silicon, and other materials designated by DOE.
 - The Mining Regulatory Clarity Act ([S. 544](#)), led by Sen. Catherine Cortez Masto (D-NV), would reverse the 2019 *Rosemont* ruling that restricted mining operations.
 - The Critical Materials Future Act ([S. 596](#)), led by Sen. John Hickenlooper (D-CO), would establish a pilot program to support domestic critical mineral processing.
 - The Critical Minerals Security Act ([S. 789](#)), led by Sen. John Cornyn (R-TX), would require the Interior Department to collect data on the global supply and ownership of critical minerals, and develop a strategy to support advanced mining, refining, and recycling technologies.
- Members of both parties signaled an openness to finding bipartisan compromise on facilitating critical mineral supply chains, though Democrats noted that Trump administration actions to cut funding and staff at regulatory agencies will complicate the implementation of any measure to facilitate critical mineral supply chains.

Energy and Environment – Administration Updates

- **National Energy Dominance Council:** On February 14, 2025, President Trump signed an [executive order](#) establishing a National Energy Dominance Council, chaired by Interior Secretary Doug Burgum, vice-chaired by the Energy Secretary Chris Wright.
 - The council will be tasked with advising the president on ways to produce more energy and recommend a “National Energy Dominance Strategy.”
- **DOE, EPA Layoffs:** Since President Trump’s election, DOE has laid off about 1,800 employees across various offices, representing about 11% of its roughly 16,000 workers.
 - On March 12, 2025, the Environmental Protection Agency terminated its environmental justice offices and programs and eliminated about 200 employees. The agency plans to reduce 50% to 75% of its total workforce in the coming months.
- **Greenhouse Gas Reduction Fund lawsuit:** On March 18, 2025, a federal judge temporarily halted the EPA’s attempt to claw back \$20 billion in grant funding under the Greenhouse Gas Reduction Fund (GGRF). The Trump administration argues the GGRF, created by Inflation Reduction Act ([P.L. 117-169](#)), misuses taxpayer dollars and poses potential conflicts of interest.



Energy Secretary Chris Wright, President Trump, and Interior Secretary Doug Burgum

Data Privacy Update

- In February, House Energy and Commerce Committee Chair Brett Guthrie (R-KY) announced the formation of a data privacy working group tasked with developing a new federal privacy standard.
- The working group includes nine other Energy and Commerce Committee Republicans, indicating the privacy legislation they ultimately produce will likely be partisan.
- The working group published a formal request for information soliciting written responses to several data privacy-related questions, which will inform the legislative drafting process. Submissions to the request for information are due no later than April 7, 2025.
- Senate tech policy leaders have not indicated whether they will cooperate with the House process, or if they will continue to advance existing data privacy legislation, including the Kids Online Safety Act (KOSA) ([S. 1409](#)/[H.R. 7891](#)), which passed the Senate on a bipartisan basis but ultimately faltered in the House.



Energy and Commerce Committee Chair
Brett Guthrie (R-KY)



Sen. Marsha Blackburn (R-TN) is a leader on data privacy legislation in the Senate, including KOSA

Artificial Intelligence Update

- This month, artificial intelligence (AI) policy debates in Congress have slowed as discussion centers around the budget reconciliation and government funding processes.
- House AI Task Force co-chair Jay Obernolte (R-CA) advocated for the creation of a select committee focused on AI issues, and indicated he plans to advance the CREATE AI Act, bipartisan legislation to codify the National AI Research Resource (NAIRR) later this Congress.
- Vice President J.D. Vance has emerged as the administration's leading spokesman on AI, articulating the administration's priorities at several events.
- During the AI Action Summit in Paris, Vance argued the Trump administration's AI policy is guided by four principals: (1) ensuring American AI is the global standard; (2) preventing overregulation; (3) removing ideological biases in AI; and (4) limiting AI's negative impact on U.S. jobs.



Rep. Obernolte delivers remarks at a hearing.



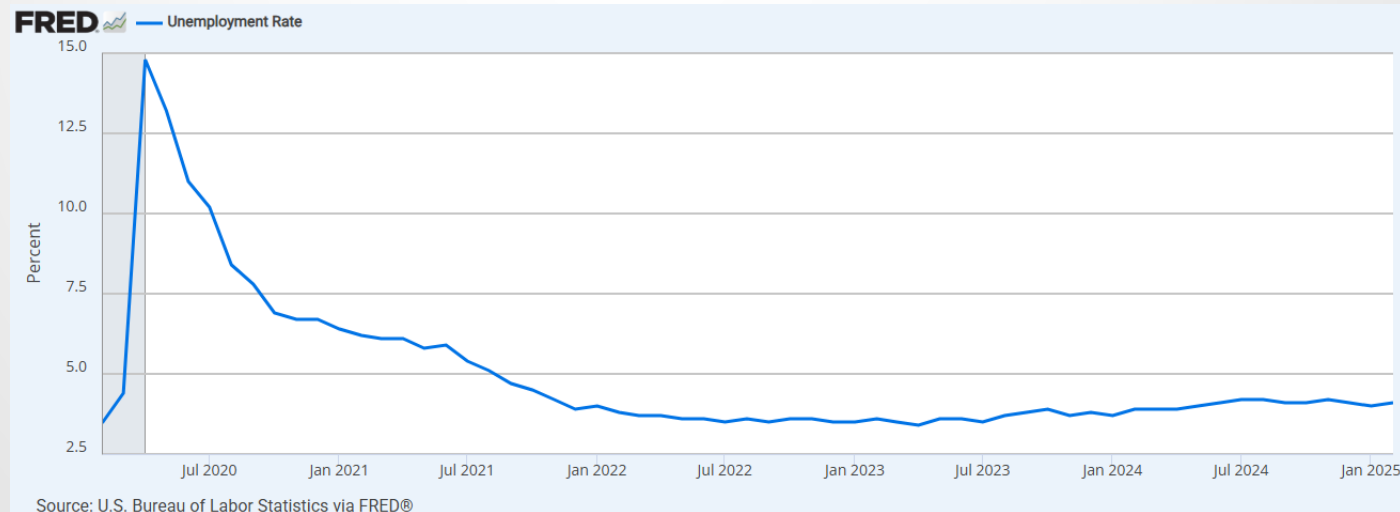
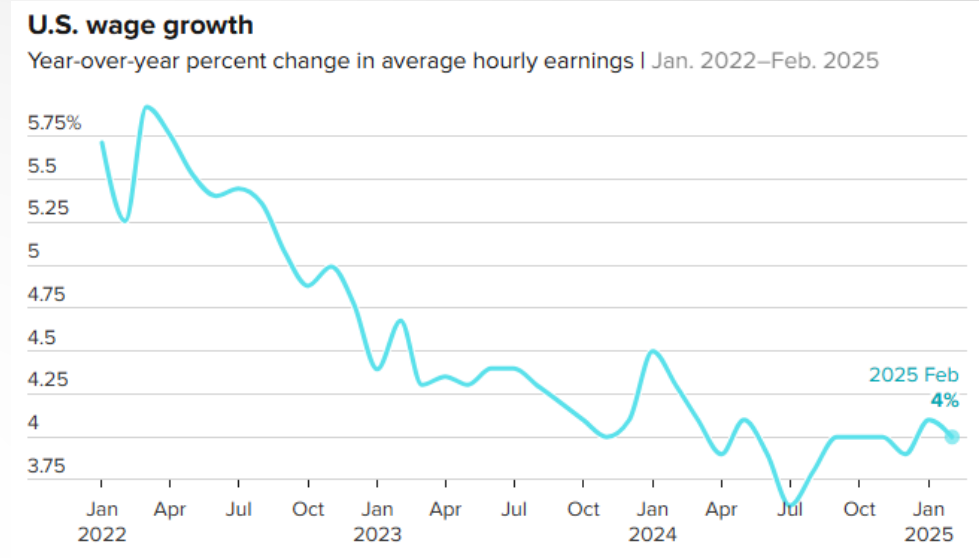
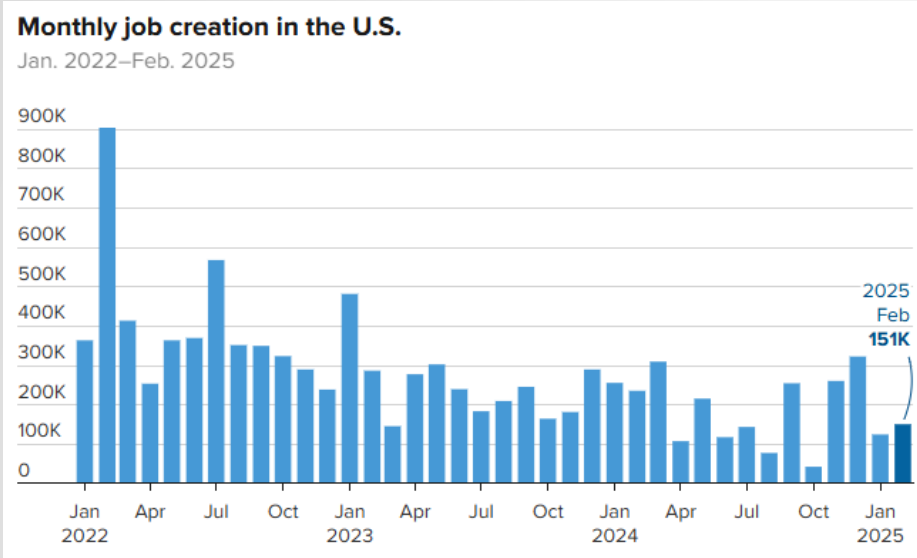
Vice President Vance Delivers Remarks at AI Action Summit

Economic Factors That Could Impact the Future Political Landscape

February 2025 Jobs Report Comes in Below Expectations

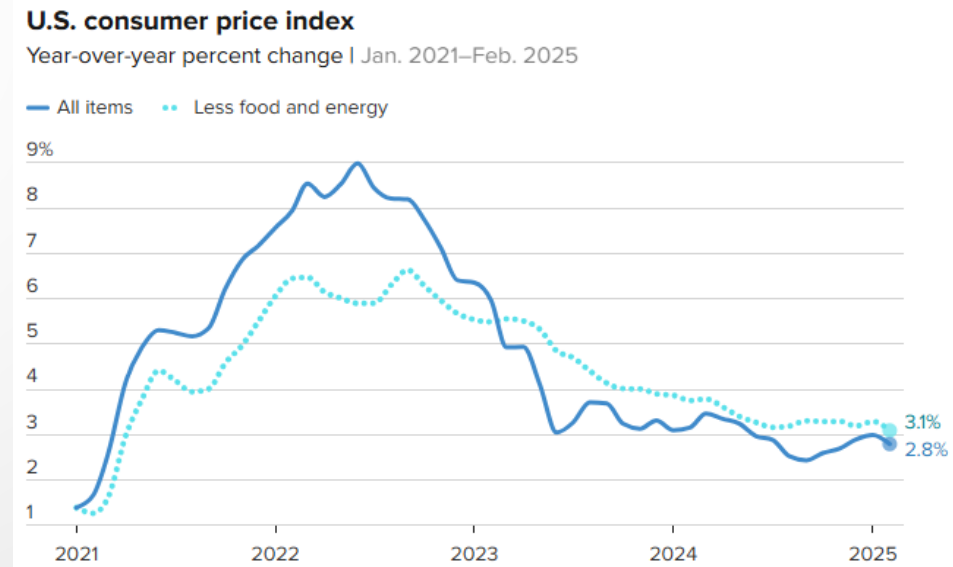
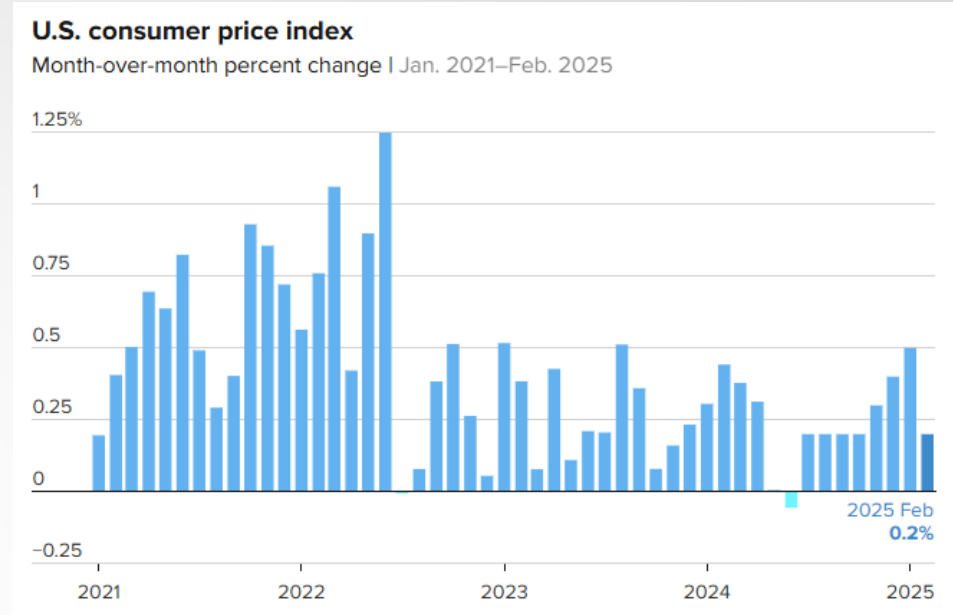
- On March 7, 2025, the Department of Labor's Bureau of Labor Statistics [announced](#) (1) total nonfarm payroll employment increased by 151,000 in February 2025, the first full month of the second Trump administration, and that (2) the unemployment rate slightly rose to 4.1%.
 - Economists had expected an increase of about 170,000 for the month, so the jobs report came in below expectations.
 - The unemployment rate has been at or above 4% since May 2024. The unemployment rate was below 4% for 27 consecutive months before May 2024.
- Health care was the leading industry in job creation, with a net gain of 52,000 new jobs. The financial sector was the next leading industry, with a net gain of 21,000 new jobs. Other leading industries included transportation and warehousing, with 18,000 new jobs, and social assistance, with 11,000 new jobs.
- Average hourly earnings for all employees increased by 0.3%. Over the last 12 months, average hourly earnings have increased by 4.0%, which was 0.2% below expectations.
- An alternate measure of unemployment that includes “discouraged workers” and “those holding part-time jobs for economic reasons” increased by half a percentage point to 8%, the highest level since October 2021.
- The December 2024 jobs report (Biden era) was revised up by 16,000, from +307,000 to +323,000. Additionally, the January 2025 report (Biden-Trump split) was revised down by 18,000, from +143,000 to +125,000. Thus, employment from these two months combined is 2,000 lower than previously reported.

February 2025 Jobs Report – Key Data and Trends



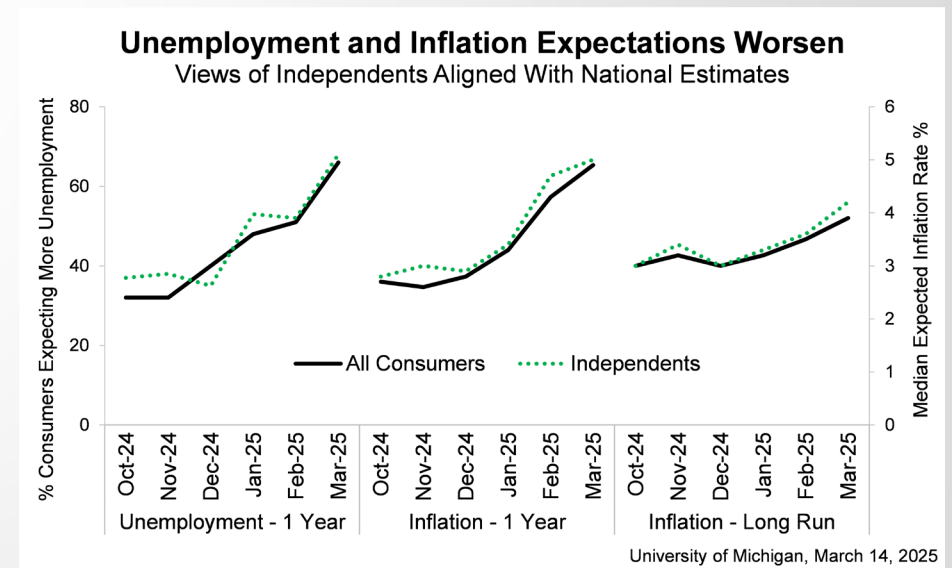
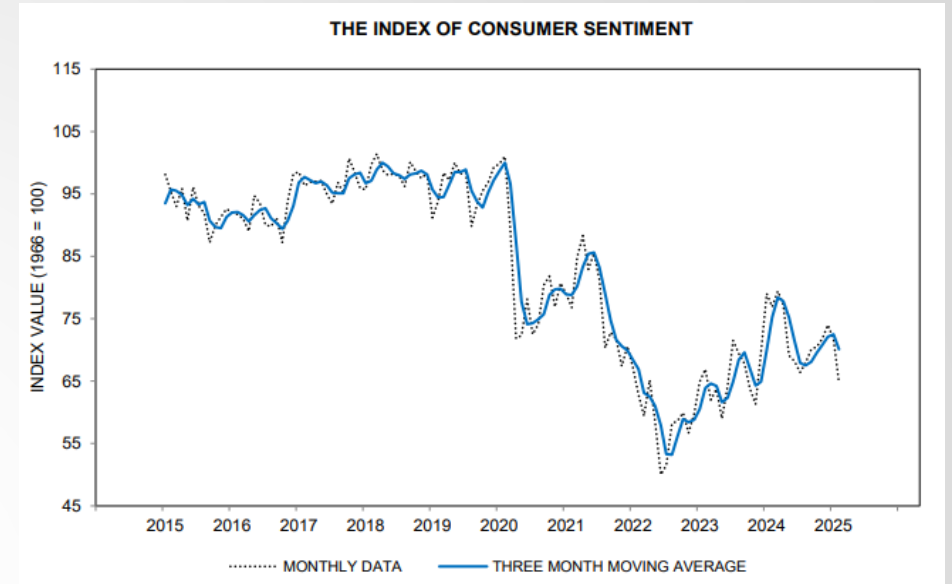
February 2025 Inflation Report

- On March 12, 2025, the U.S. Bureau of Labor Statistics [announced](#) the Consumer Price Index (CPI) increased by +0.2% in February 2025 on a seasonally adjusted basis.
 - This CPI figure was lower than the January 2025 reading (+0.5%), and the December 2024 reading (+0.4%).
- The Bureau of Labor Statistics also reported that the CPI increased by 2.8% from February 2024.
 - This was 0.1% below economists' expectations of 2.9%.
 - This 2.8% CPI annual gain is down from the January 2025 level (3.0%).
- “Core CPI,” which excludes food and energy prices, rose by 0.2% in February 2025, and 3.1% on an annual basis from February 2024.
 - Economists had projected that these figures would be 0.3% and 3.2%, respectively.
 - The 3.1% increase in core CPI is the lowest such reading since April 2021.
- While the annual inflation rate (2.8%) 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 2025 will be [released](#) on April 10, 2025.



Consumer Sentiment Report

- Consumer sentiment for March 2025 fell to 57.9, which is a 10.5% *decrease* from February (64.7).
 - This is an annual *decrease* of 27.1% from March 2024 (79.4).
 - This is a sharp decline from the fall and winter – consumer sentiment had been above 70 for each month from September 2024 to January 2025.
- The Index of Consumer Sentiment varies by political party
 - 41.4 among Democrats
 - 57.2 among Independents
 - 83.9 among Republicans
- Expectations for personal finances, labor markets, inflation, business conditions, and stock markets all worsened.
- Year-ahead inflation expectations climbed from 4.3% last month to 4.9% this month, which is the highest level since November 2022.
- Additionally, long-run inflation expectations increased from 3.5% in February to 3.9% in March, which is the largest monthly increase since 1993.



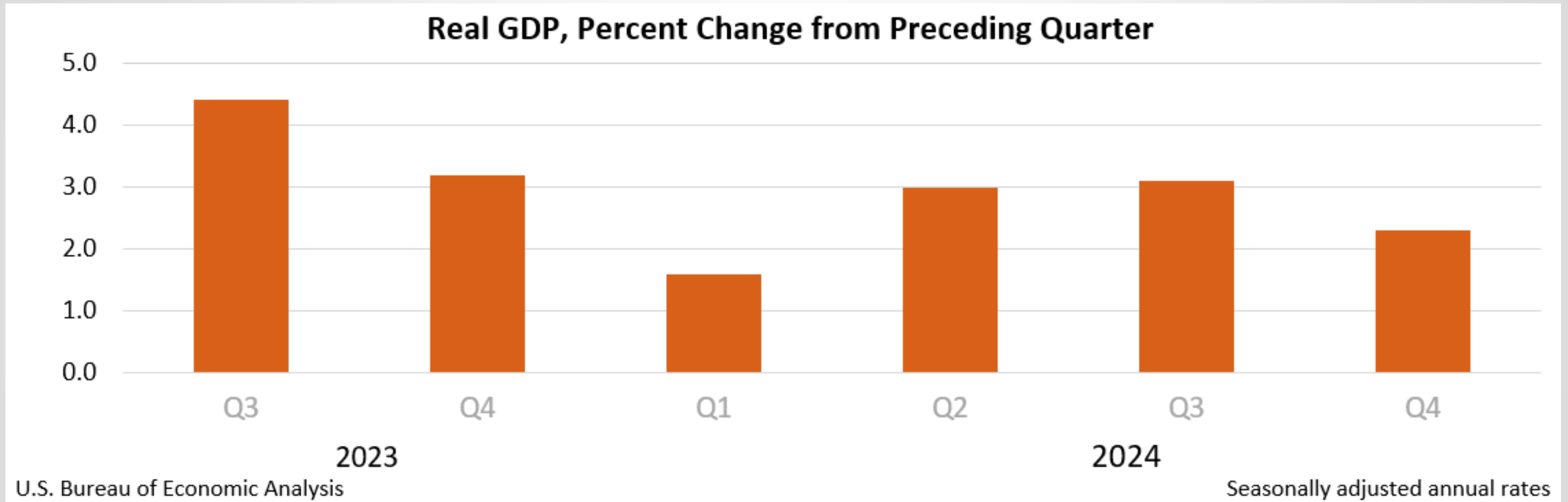
University of Michigan, March 14, 2025

Source: University of Michigan Surveys of Consumers

GDP Reports and Economic Outlook

- On February 27, 2025, the Department of Commerce's Bureau of Economic Analysis (BEA) [released](#) its “second estimate” of U.S. real gross domestic product (GDP) for the fourth quarter (Q4) of 2024. The BEA reported that real GDP increased at an annual rate of +2.3% in Q2 2024 (adjusted for seasonality and inflation).
 - Economists had expected an increase of 2.5% in Q4, so the Q4 2024 GDP report exceeded expectations and estimates.
 - While the U.S. economy grew in Q4 2024, it also slowed more than expected, and relative to the previous two quarters: Q2 saw a 3.0% increase and Q3 saw a 3.1% increase.
- Over the course of the full year of 2024, GDP increased by 2.8%, compared to 2.9% in 2023.
- The price index for gross domestic purchases increased by 2.3% in Q4; the increase in Q3 was 1.9%.
- Personal consumption expenditures, which reflects consumer activity, increased 4.2% in Q4, up from a 3.7% increase in Q3.
- The personal consumption expenditures (PCE) price index, which is a key inflation variable for the Federal Reserve, increased at a 2.5% annualized pace for Q4 2024. This is higher than the 1.5% figure from Q1 2024.
- The personal savings rate in Q4 2024 was 4.1%, down from 4.3% in Q3. This is the lowest level in two years.
- As of March 18, 2025, the Federal Reserve Bank of Atlanta estimates that real GDP growth of Q1 2025 is **-1.8%**.
- During a press conference on March 19, 2025, Jay Powell, the chair of the Federal Reserve, said that while the U.S. economy remains relatively strong, economic “uncertainty” is “remarkably high.” He explained this uncertainty is partially due to the new administration implementing large policy changes in the areas of trade, immigration, fiscal policy, and regulation.

Real GDP Growth Over the Past Two Years



Thank you



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