

# Winter Work: Congressional Action Items During This Election Year

*January 4, 2024*



- Lawmakers return to Washington the second week of January, but the slim majorities in the House of Representatives and Senate may continue to lengthen policy debates searching for consensus.
- This Congress has enacted the least legislation in its first year compared to the last decade of congressional output, according to a *National Journal* analysis. As of December 26, 2023, less than 35 bills and joint resolutions were enacted into law over the course of the year.
- As more legislation is typically passed in the second session of a congress compared to the first, and the current Congress has several deadlines driving its agenda, the legislative pace is set to accelerate.

- In November, House and Senate lawmakers passed, and the president signed, H.R. 6363, the Further Continuing Appropriations and Other Extensions Act, 2024. The continuing resolution (CR) used a “laddered approach” to extend the previous year’s funding levels, as well as associated authorities and conditions, to government spending. In other words, the CR was bifurcated, extending funding for a first tranche of agencies and programs through January 19, and a second tranche through February 2.
- Congress will need to enact individual appropriations bills by the provided deadlines, or pass another CR, in order to prevent partial government shutdowns or a full shutdown in January and/or February.
- House lawmakers return to Washington on January 9, giving them just 10 days to rectify the first tranche of government spending decisions.
- Decisions on top-line numbers, including totals for defense discretionary spending levels and non-defense discretionary funding levels, have yet to be agreed to on a bicameral, bipartisan basis, providing a significant obstacle to the close deadlines.

First Tranche of FY 2024 CR Expires January 19	Second Tranche of FY 2024 CR Expires February 2
<ul style="list-style-type: none"> <li>• Agriculture, Rural Development, Food and Drug Administration, and Related Agencies</li> <li>• Energy and Water Development and Related Agencies</li> <li>• Military Construction, Veterans Affairs, and Related Agencies</li> <li>• Transportation, Housing and Urban Development, and Related Agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Commerce, Justice, Science, and Related Agencies</li> <li>• Defense</li> <li>• Financial Services and General Government</li> <li>• Homeland Security</li> <li>• Interior, Environment, and Related Agencies</li> <li>• Labor, Health and Human Services, Education, and Related Agencies</li> <li>• Legislative Branch</li> <li>• State, Foreign Operations, and Related Programs</li> </ul>

- The Fiscal Responsibility Act of 2023 – the debt ceiling deal signed into law last June – prompts Congress to enact all 12 annual appropriations bills or face fiscal consequences.
- The law provides that should only a CR be in effect on January 1 for any account, then all accounts will be reset to the Fiscal Year (FY) 2023-enacted levels minus a 1% across-the-board funding reduction.
- The federal government is currently operating under an FY 2024 CR for all accounts.
- As a practical matter, the automatic cuts triggered on January 1 will not take effect until April 30, creating a lengthy “grace period” for Congress to reverse the impending cuts.

# FY 2025 Nipping at the Heels

The budget and appropriations process is prescribed by law. While deadlines are set, they are often missed in practice – but that will not stop lawmakers from considering FY 2025 spending as they work to wrap up FY 2024 appropriations.

On or Before:	Action To Be Completed:
First Monday in February	President submits budget request for upcoming fiscal year
February 15	Congressional Budget Office submits report (on the economic and budget outlook) to Budget Committees
Not later than six weeks after president submits budget	Committees submit views and estimates to Budget Committees
April 1	Senate Budget Committee reports concurrent resolution on the budget (budget resolution)
April 15	Congress completes action on concurrent resolution on the budget
May 15	Annual appropriations bills may be considered in the House
June 10	House Committee on Appropriations reports last annual appropriations bill
June 15	Congress completes action on reconciliation legislation
June 30	House completes action on annual appropriations bills
October 1	Fiscal year begins

Source: Congressional Research Service, “The Congressional Budget Process Timetable” (July 27, 2023); Section 300 of the Congressional Budget Act of 1974

*Outside of the budget and appropriations process, Congress faces authorizing deadlines across the policy spectrum. The larger packages include:*

- **Federal Aviation Administration Reauthorization (March 8, 2024)**: The House passed its version of the aviation reauthorization back in July, but the Senate Committee on Commerce, Science, and Transportation delayed the markup of its version to resolve differences over pilot training requirements. The legislation was extended once again, at the end of 2023, until March 8, 2024.
- **Farm Bill (September 30, 2024)**: This omnibus, multiyear bill that governs a broad range of agricultural and food programs was provided a one-year extension in the CR and is now set to expire at the end of September. Senate Committee on Agriculture, Nutrition, and Forestry Chair Debbie Stabenow (D-MI) is retiring at the end of this Congress, and this may be her legacy bill. In the House, Democrats and Republicans are trading barbs over the motivation to get the legislation passed in short order.
- **National Defense Authorization Act (December 31, 2024)**: The annual defense authorization bill is technically not a must-pass piece of legislation, but it has been passed with bipartisan support for 63 consecutive years. The bill sets policies for the Department of Defense and national security programs at the Department of Energy.

While legislative action is expected to be driven by deadlines, lawmakers are expected to continue to pursue other priorities of interest to them and their constituents, including:

- **Foreign Aid and Border Security Supplemental**: Prior to their holiday recess, senators discussed border security and immigration reforms to pair with funding for Ukraine, the Middle East, and Taiwan. It remains unclear if the talks will lead to a compromise package – and if House lawmakers would support the Senate’s negotiated legislation.
- **Tax**: Tax-writers appear to be continuing to make progress on a tax package that could come together in the first quarter of 2024. If lawmakers can reach agreement on changes to the Child Tax Credit, there will likely be an opportunity to address a number of other tax priorities, including extending certain business tax breaks like research and development expensing, interest deductibility, and “bonus depreciation,” along with a litany of expired/expiring “tax extenders.”
- **Health Care**: Outside of health extenders tied to the CR, lawmakers may also continue their focus on health transparency measures, with attention paid to pharmacy benefit managers and site-neutral payments. In December, the House passed H.R. 5378, the Lower Costs, More Transparency Act, on a 320-71 vote, and it remains to be seen if senators will continue to develop their own legislation or work to negotiate the House’s package to fit their preferences.
- **Technology**: Senate Majority Leader Chuck Schumer (D-NY) worked with senators of both parties on “AI Insight Forums” to potentially develop legislation to govern artificial intelligence. House Committee on Energy and Commerce Chair Cathy McMorris Rodgers (R-WA) has said that consumer privacy reforms should be considered first, but she has not reintroduced legislation after a bipartisan, bicameral bill stalled in the 117<sup>th</sup> Congress.
- **Trade**: Geopolitical tensions between the United States and China continue to dominate trade policy making on Capitol Hill, as manifested by the nearly 150 policy recommendations recently adopted by the Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party. Meanwhile, despite bipartisan support, several trade programs, including the Generalized System of Preferences, Trade Adjustment Assistance, and the Miscellaneous Tariff bill remain expired, creating continued uncertainty for business as prospects for near term action remain dim.

In 2025, Congress and the White House are set up for a fiscal cliff:

- 1) The Fiscal Responsibility Act suspended the federal debt limit through January 1, 2025.
  - 2) The Tax Cuts and Jobs Act (TCJA) of 2017 provided individual tax provisions that expire at the end of 2025.
    - Taxes for most households in America will increase, individual income tax rates will rise, the estate tax exemption will shrink, deductions will be reduced, and the child tax credit will be lowered.
    - The 20% tax deduction for pass-through businesses will go away, and corporations may no longer be able to deduct research and equipment costs and other expenses.
- The next debt limit increase will have to be negotiated in the context of this looming tax cliff.
  - Both parties have already essentially pledged that they are not going to allow the tax rates to increase on low- and middle-income earners. If President Joe Biden is still in office, he will likely seek to let tax rates go up in other areas, including the corporate tax rate that was lowered significantly with the TCJA.
  - Republicans will be looking for significant spending cuts – and, if current policy holds, the cuts will be discretionary spending cuts, not changes to mandatory (entitlement) programs.



Outside of the legislative work, we expect candidates to draw on several policy areas prominently in their speeches and advertisements.

- **Economy**: Voters are certain to focus on the election-year economy when weighing their candidate ballot, and Democrats are leaning more on President Biden’s holistic support for the middle class over their prior theme of “Bidenomics.” Polls show the majority of Americans favor Republicans on the economy, and inflation will be a consistent consideration.
- **Abortion**: The surprisingly slim Republican gains during the last midterm elections were attributed, in part, to the Supreme Court’s decision in *Dobbs*, and off-year elections in states where abortion was on the ballot led to Democratic wins. The Supreme Court is set to issue a decision in early summer on the availability of an abortion medication.
- **Health Care**: Since former President Donald Trump has voiced his renewed interest in repealing and replacing the Affordable Care Act, Democrats are anticipated to double-down on expanding and proposing additional reforms, including those focused on drug pricing, insurance subsidies and improved access. President Biden may utilize health reform as a theme for this State of the Union address, according to reporting from *CNN*.
- **Education**: Republicans will continue to voice support for parental choice in K-12 schools, while questioning foreign influence and “woke” principles in higher education. President Biden and Democrats will emphasize higher education affordability.
- **Labor and Employment**: President Biden is the first president to walk a strike picket line and will continue to take a pro-union stance. Republicans will trumpet their support for reducing government regulations to spur business growth and – ultimately – more jobs.

Candidate personalities, voter turnout, House congressional redistricting, and the particular class of senators up for reelection may also impact electoral outcomes.

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