

BGR | GROUP

Quarterly Outlook, April 2022

BGR Group

Overview

Overview

The Russian invasion of Ukraine has overtaken virtually every issue in Washington - from foreign policy to federal spending to the economy. In the past month, President Biden has devoted significant amounts of time and resources to rallying support for the Ukrainians and imposing severe sanctions on Russians and the Russian government.

The conflict has resulted in an increase in defense spending and another potential increase in the coming year. This comes after nearly two years of large-scale domestic spending to deal with the pandemic.

The situation in Ukraine has exacerbated the economic challenges of inflation and supply chain disruptions that resulted from the pandemic. Look for executive actions focused on easing financial burdens like increased fuel prices.

Meanwhile, in the states, the Biden administration has begun to implement its signature achievement, the Infrastructure Investments and Jobs Act. The administration will also be touting the confirmation of Judge Ketanji Brown Jackson to a seat on the Supreme Court. Her historic confirmation, as the first Black woman to sit on the court, is expected soon. Many state legislatures are wrapping up active legislative sessions covering a wide range of topics.

Even as the Ukraine conflict continues to dominate headlines, Congress is poised to act on the continuing response to COVID-19, a global competitiveness measure, and spending bills for the coming fiscal year. The next three to four months promise to be busy with both legislation and regulatory actions.

The President and Congressional leaders will need to balance a wide range of issues while trying to increase their political standing with voters ahead of the midterm elections later this year.

KEY DATES

- **APRIL 18**
 - Face mask mandate on public transportation expires
- **JUNE 30**
 - Child Nutrition Waivers expire
 - 1 percent reduction in the Medicare Sequester expires
- **AUGUST 31**
 - Student loan deferral and 0 percent interest rate expire
- **SEPTEMBER 30**
 - Government funding expires
 - National Flood Insurance Program Authorization expires
 - Temporary Assistance for Needy Families (TANF) and the Child Care Entitlement to States expire
 - Food and Drug Administration User Fee Programs expire
 - The Agriculture Improvements Act of 2018, known as the Farm Bill, expires
 - FAA Reauthorization Act of 2018 expires
 - The PEPFAR Extension Act of 2018 expires

Bipartisan Take

International

Commerce

Financial Services

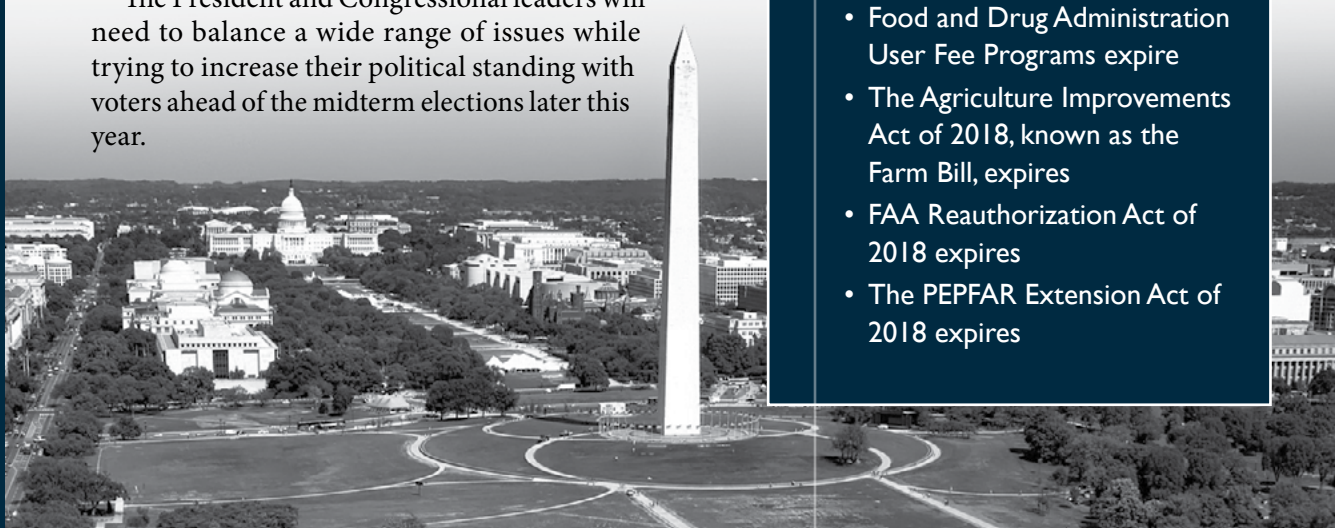
Health

Appropriations & Budget

State Advocacy

Public Relations

Contact Us



Click on the subjects below to view:



Overview

2022 Congressional Calendar

Bipartisan Take

International

Commerce

Financial Services

Health

Appropriations & Budget

State Advocacy

Public Relations

January						
S	M	T	W	T	F	S
						I
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

February						
S	M	T	W	T	F	S
		I	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

March						
S	M	T	W	T	F	S
		I	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

April						
S	M	T	W	T	F	S
					I	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

May						
S	M	T	W	T	F	S
I	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June						
S	M	T	W	T	F	S
			I	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

July						
S	M	T	W	T	F	S
					I	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August						
S	M	T	W	T	F	S
	I	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

September						
S	M	T	W	T	F	S
					I	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

October						
S	M	T	W	T	F	S
						I
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

November						
S	M	T	W	T	F	S
		I	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

December						
S	M	T	W	T	F	S
				I	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Current as of December 14, 2021

KEY	
 	House in Session Only
 	Senate in Session Only
 	House & Senate in Session
 	Federal Holiday

IMPORTANT PHONE NUMBERS

- White House Switchboard (202) 456-1414
- U.S. Capitol Switchboard (202) 224-3121
- Senate Republican Cloakroom (202) 224-6191
- Senate Democratic Cloakroom (202) 224-4691
- House Republican Cloakroom (202) 225-7350
- House Democratic Cloakroom (202) 225-7330



The Homer Building
601 13th Street, NW
Washington, DC 20005
202.333.4936

Political Snapshot

Public Opinion Update (as of April 4, 2022):

Overview

Bipartisan Take

International

Commerce

Financial Services

Health

Appropriations & Budget

State Advocacy

Public Relations

Contact Us

Direction of Country Polling Average

27.6%
Right Direction



65%
Wrong Track

Source: RealClear Politics

President Biden's Average Approval Rating

40.8%
approve



54%
disapprove

Source: RealClear Politics

2022 Generic Congressional Vote

45.9%
favor Republicans



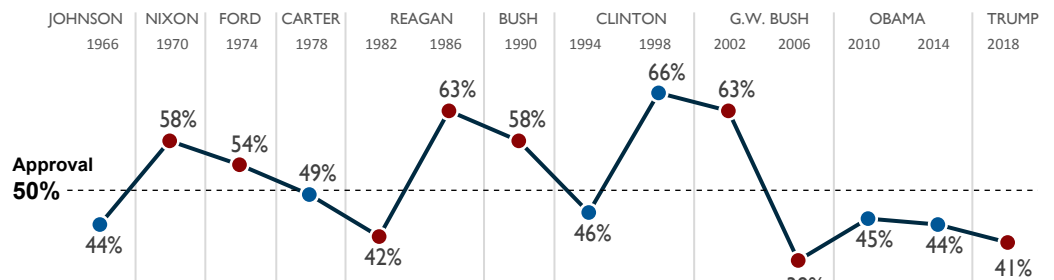
42.3%
favor Democrats

Source: RealClear Politics

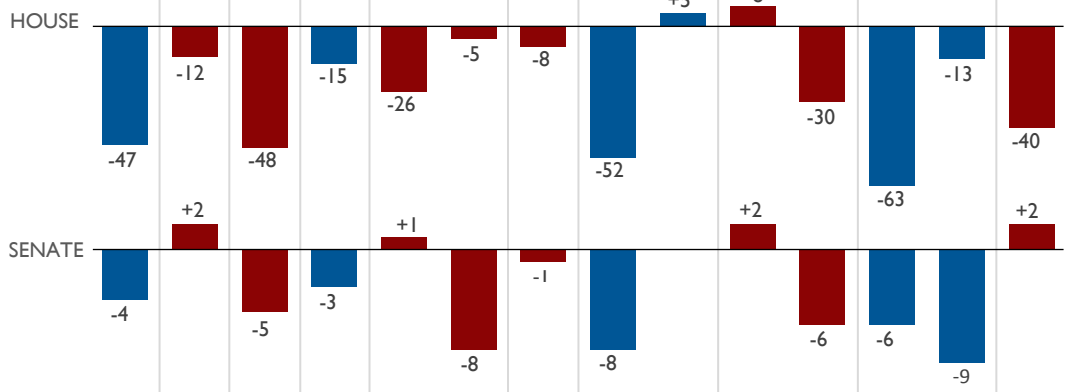
President's Party Usually Loses Seats in Midterms

Gallup presidential approval the week before the midterm

■ Democrat ■ Republican



President's party gain/loss of seats



SOURCE: National Journal

Economic Snapshot

Overview

Bipartisan Take

International

Commerce

Financial Services

Health

Appropriations & Budget

State Advocacy


Public Relations

Contact Us


 **Jobs Added: 431,000** added in March
[Source: Bureau of Labor Statistics](#)

 **Unemployment Rate: 3.6%** in March
[Source: Bureau of Labor Statistics](#)

 **Labor Force Participation Rate: 62.4%** in March
[Source: Bureau of Labor Statistics](#)

 **Real GDP:** Projected to be **1.7%** quarter over quarter for Q1 2022; Increased **6.9%** Q4 2021
[Source: Bureau of Economic Analysis](#)

 **Consumer Inflation Expectation: 7.9%** in February
[Source: Bureau of Labor Statistics](#)

 **Fed Interest Rate Increase:** As of March 2022, the Fed increased the rates **25** basis points, up to **0.50%**. The Fed is expected to raise rates again during the May FOMC meeting.
[Source: Federal Reserve](#)

 **Average Cost of Gas: \$4.24** for regular; **\$4.91** for premium
[Source: gasprices.AAA.com](#)





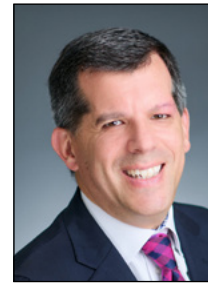
Bipartisan Take

RUSSIAN INVASION OF UKRAINE CREATING POLICY AND POLITICAL CHALLENGES FOR WASHINGTON

One month into the Ukraine-Russia conflict, Washington policymakers are focused on two important tasks: helping Ukraine and punishing Russia. Aid for Ukraine includes both military assistance and humanitarian aid. The needs of Ukraine’s immediate neighbors, who have taken in the vast majority of the nearly 4 million Ukrainian refugees, will become an acute challenge in the immediate future. The multilateral economic sanctions regime on Putin and Russia will continue to expand, and loopholes that have given Putin room to operate will be closed. The West has made clear it is pursuing a sanctions-first strategy. Unfortunately, the conflict does not show any signs of letting up. It will dominate for at least the next six months to a year.



Lester Munson
BGR PRINCIPAL



Fred Turner
BGR SR.V.P.

real military threats from Russia, China and Iran. A rethink of bureaucratic structures, with a new emphasis on flexibility and efficiency, is needed. This new Cold War II is just getting started and many changes are coming.

One can reasonably expect further actions from Congress before the end of this year and in the coming years. Most immediately, Congress can suspend “Most Favored Nation” trade status for U.S. imports from Russia. President Biden has already announced support for such legislation as the Administration cannot do this by executive action. Moreover, several Members of Congress have discussed legislation to expel Russia from the World Trade Organization. The repeal of MFN for Russia has already passed the House but has been slowed down in the Senate. It’s likely to move sometime this quarter, however.

In the long run, the impact of the Russian invasion will lead to profound changes in U.S. national security policies and resources. While the President requested over \$800 billion for national security for 2023, Congress will likely go even farther and increase that number. A consequent increase in resources for the State Department, the Intelligence Community and foreign assistance programs won’t be far behind.

However, these potential budget increases won’t come without strings attached. Look for House and Senate committees to do a deep dive on priorities and transparency in the coming months and beyond. New dollars will come with demands for accountability and results.

The old methods of dealing with the post-9/11 world will need to be updated for the new reality: the United States and its allies face very

On top of the already full agenda for House and Senate leadership this year, the war in Ukraine could require Congress to cancel some of its scheduled work periods outside of Washington and/or extend the legislative year beyond the November elections. In the meantime, Congress will work to confirm a new justice to the Supreme Court, pass comprehensive legislation to counter China’s industrial rise and the threats posed to the U.S. economy, fully fund the government for Fiscal Year 2023, and pass legislation laying out priorities for national defense. It is a full plate which presents both potential and pitfalls for both parties and the administration.

Click on the subjects below to view:



Overview

Bipartisan
Take

International and Trade

International

THE U.S. IMPOSES ECONOMIC COSTS ON RUSSIA

In response to the Russian invasion of Ukraine, the United States has sought to act in lockstep with the European Union, the United Kingdom, and as many other partners it can rally to impose unprecedented economic costs on Russia and isolate the country from the international community through sanctions, visa restrictions, and export controls. Additionally, the U.S., in coordination with EU allies, created a task force within the Department of Justice to prevent Russian elites from evading sanctions, and to target assets associated with corruption owned by Russian elites.

The U.S. has imposed export controls on Russia, including Russia-wide denial of exports of sensitive technology, primarily targeting the Russian defense, aviation, and maritime sectors. In addition to sweeping restrictions on the Russian defense sector, the U.S. government imposed Russia-wide restrictions on sensitive U.S. technologies produced in foreign countries using U.S.-origin software, technology, or equip-

ment. This includes restrictions on semiconductors, telecommunications, encryption security, lasers, sensors, navigation, avionics, maritime technologies, and technologies used for oil and gas development – which cuts off an estimate of over 50% of Russian high tech imports. The U.S. has also banned Russian energy imports, and prohibited new investments in Russian energy production.

Continued on next page

Commerce

Financial
Services

Health

Appropriations &
Budget

State
Advocacy

Public
Relations

Contact Us



Click on the subjects below to view:

Overview

Bipartisan Take

International

Commerce

Financial Services

Health

Appropriations & Budget

State Advocacy

Public Relations

Contact Us

“The U.S. remains open to imposing additional export controls and sanctions as the conflict progresses and is currently not communicating what would precipitate a reduction in sanctions – likely to provide Ukraine greater leverage as it negotiates with Russia.”



Walker Roberts

BGR PRINCIPAL, CO-HEAD OF INTERNATIONAL AND TRADE PRACTICE

Furthermore, the U.S. is working to strip Russia of its most favored nation / permanent normal trade relations (PNTR) status, which would mean the U.S. is no longer obligated to grant Russia trade advantages, like reduced tariffs, on imported goods. This move could precipitate removing Russia from the World Trade Organization, as all members of the WTO are obligated to grant most favored nation status to other members. While the U.S. has not significantly targeted the commodities trade, it is likely to be impacted by significant sanctions targeting some Russian banks. However, the imminent revoking of PNTR with Russia could subject key commodities to heightened tariffs, despite lack of sanctions activity.

Thus far, sanctions have hit the Russian economy hard, and many Russian families and businesses are leaving the country to preserve their savings and freedoms. The pinch of these sanctions will only increase, as wind-down periods are finished and their full effect is imposed. Many companies have already made their own decision to pull out of the Russian market, but companies will need to stay vigilant to remain compliant with sanctions and restrictions

imposed by the United States and its allies, as the unprecedented scale of the response will have numerous spillover effects, and could be exacerbated by secondary sanctions on the Russian financial sector.

The U.S. remains open to imposing additional export controls and sanctions as the conflict progresses and is currently not communicating what would precipitate a reduction in sanctions – likely to provide Ukraine greater leverage as it negotiates with Russia. There is still significant room for further U.S. action, including greater export controls, further sanctions on the Russian financial sector, secondary sanctions in certain sectors, or sanctions on key commodities. The administration has existing authorities to impose these restrictions, and to add additional Russian elites to the sanctions list as well, so we are unlikely to see significant Congressional legislative action – instead their action will be more rhetorical and focused on pressuring the Biden administration to take the steps available to it. The Biden administration will continue to seek collaboration with Europe, rather than acting unilaterally, though it will also work to not be undercut by Congress.

INTERNATIONAL AND TRADE PRACTICE CO-HEADS

Walker Roberts

Maya Seiden

Click on the subjects below to view:

Overview

Bipartisan Take

International

Commerce

Financial Services

Health

Appropriations & Budget

State Advocacy

Public Relations

Contact Us



Commerce

COMPETITIVENESS BILL COMING TOGETHER

With the U.S. response to Russia’s invasion of Ukraine taking center stage in Washington, progress temporarily slowed on other bipartisan priorities. Congress has finally moved U.S. competitiveness legislation a few steps closer to conference this week. Interestingly, several lawmakers felt that the situation in Ukraine is creating stronger momentum to finalize the package.

The immediate impacts of recent international sanctions on Russia have many in Washington even more concerned about the future implications of America’s reliance on semi-conductors and other critical technology from China.

The Senate moved last week to amend the House-passed America Creating Opportunities for Manufacturing, Pre-Eminence in Technology, and Economic Strength (COMPETES) Act by replacing its language with the text of the United States Innovation and Competition Act (USICA), which passed the Senate with bipartisan support last summer. Congress is next expected to convene a formal conference committee to reconcile differences between the two bills.

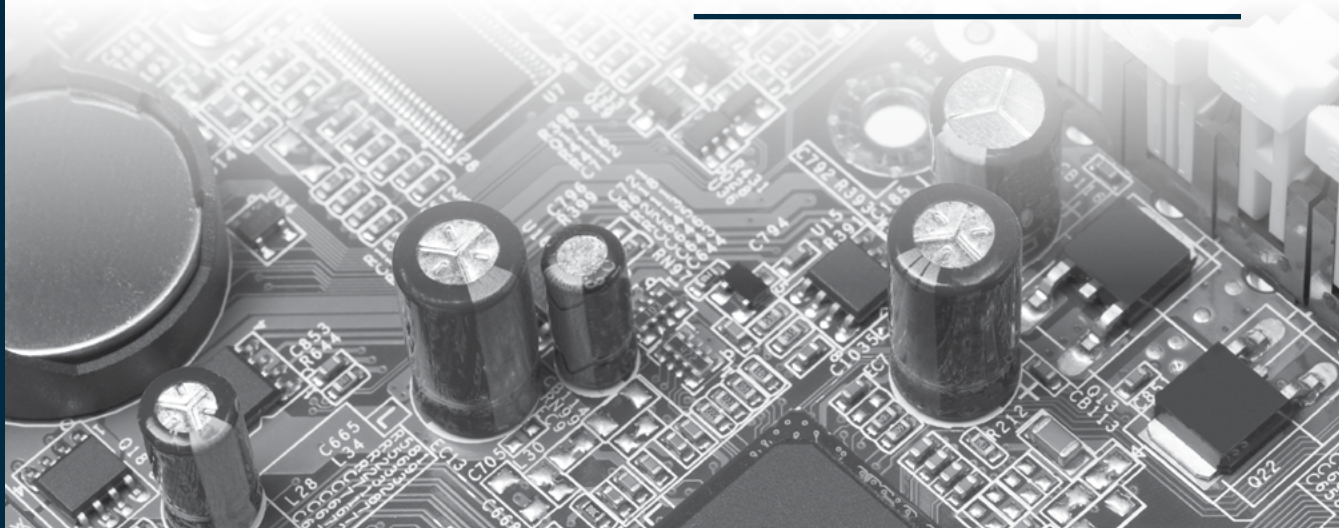
Continued on next page

“While the Senate and House versions may appear to be as far apart as ever on some key policy issues, there are some recent indications that a common overall vision is starting to coalesce.”



Robin Colwell

BGR SENIOR VICE PRESIDENT,
COMMERCE PRACTICE



Click on the subjects below to view:

Overview

Bipartisan Take

International

Commerce

Financial Services

Health

Appropriations & Budget

State Advocacy

Public Relations

Contact Us

While the Senate and House versions may appear to be as far apart as ever on some key policy issues, there are some recent indications that a common overall vision is starting to coalesce. For example, a top priority in both USICA and COMPETES is expanding research programs at the Department of Energy and National Science Foundation. COMPETES builds off existing programs, while USICA creates new programs for certain targeted emerging technologies. A few weeks ago, the Senate Energy and Natural Resources Committee introduced a bipartisan bill, the Department of Energy Science for the Future Act of 2022, that closely tracks COMPETES Act DOE provisions. There have also been bicameral calls

to include cybersecurity measures shared by both bills, as well as others contained only in USICA or COMPETES. Additionally, a bipartisan group of House members has recently introduced a version of the Facilitating American-Built Semiconductors (FABS) Act, which resembles language that was considered in the Senate last June. This measure would create a 25 percent investment tax credit for the semiconductor sector.

While there are plenty of issues still to be worked out, the trend on USICA/COMPETES is very positive and points to a potential major bipartisan accomplishment to come in this election year.

COMMERCE PRACTICE CO-HEADS

[Justin Rzepka](#)

[Jonathan Mantz](#)

Overview

Bipartisan
Take

International

Commerce

Financial
Services

Health

Appropriations &
BudgetState
AdvocacyPublic
Relations

Contact Us



Financial Services

HOW AND WHEN WILL TAX EXTENDERS MOVE?

President Biden recently signed the FY 2022 omnibus appropriations bill, which funded several major policy priorities for the administration, including the bipartisan Infrastructure Investment and Jobs Act (IIJA). One notable omission, however, was a tax extenders package. As a result, roughly 40 different tax provisions were left to expire in 2021.

Some of these provisions were new tax programs implemented under the various COVID-19 relief packages, such as the Child Tax Credit and the Employee Retention Tax Credit, while others included credits passed under the Tax Cuts and Jobs Act (TCJA), including section 163 (j), which limits the ability of certain businesses to deduct interest expenses, and the changes to research and development amortization.

Typically, tax extenders are attached at the end of a Congressional session to a larger moving vehicle, such as an omnibus spending bill. Due to the uncertainty of the FY 2022 spending package, among other reasons, the tax

title was left out of the omnibus. The omission of tax extenders from the omnibus package begs the question of when the expired revenue provisions may finally leave the station.

Our team sees several major vehicles that could carry an extenders package sometime this year: the China competitiveness bill, a revised Build Back Better reconciliation bill, a short-term continuing resolution, a year-end omnibus appropriations bill, and the National Defense Authorization Act (NDAA). Each of these larger packages has its own real and potential challenges, which could further complicate the inclusion of a tax extenders section.

Continued on next page



Click on the subjects below to view:

Overview

Bipartisan Take

International

Commerce

Financial Services

Health

Appropriations & Budget

State Advocacy

Public Relations

“The omission of tax extenders from the omnibus package begs the question of when the expired revenue provisions may finally leave the station.”



Joel Bailey
BGR VICE PRESIDENT

The China competitiveness bill will be worked out in a conference committee over the next several months and is a major priority for Senate Majority Leader Chuck Schumer (D-NY). If Democrats can find consensus around a revised reconciliation bill, with a possible focus on climate, prescription drugs and deficit reducing revenue raisers, it may be challenging to add dozens of tax extenders that will cost rather than raise money. Senator Joe Manchin (D-WV) has stated repeatedly his concerns over Build Back Better provisions that would increase the federal budget deficit and the national debt.

While the China competitiveness bill will likely be considered before the midterm elections, and a reconciliation bill cannot be considered after September 30, there are a few vehicles that are likely to be addressed after the

midterms in a lame duck session. One of these is the NDAA, which historically does not include controversial, non-defense riders. Due to the potential concern that the tax extenders might delay passage of the NDAA, this is the least likely vehicle. The most likely option is some form of a budget. Given that House Ways & Means Committee Chairman Richard Neal (D-MA) has publicly stated he will work to pass an extenders package, and suggested working with Committee Ranking Member Kevin Brady (R-TX) to pass an updated SECURE package, we could very well see this being coupled with an extenders package and a larger end of year spending bill.

The lack of clarity is not atypical even in an election year. However, the extenders process is always one to watch closely.

FINANCIAL SERVICES PRACTICE CO-HEADS

Sean Duffy

Andy Lewin

Click on the subjects below to view:

Overview

Bipartisan Take

International

Commerce

Financial Services

Health

Appropriations & Budget

State Advocacy

Public Relations

Contact Us



Health and Life Sciences

COVID-19 AND PANDEMIC PREPAREDNESS

As we enter a third year of a world with COVID-19, dealing with the pandemic at hand and incorporating lessons learned into our national response capacities are priorities for both Congress and the Biden administration. However, turning that support into laws and funding has proven to be an uphill battle so far in 2022.

On March 15, the Senate Health, Education, Labor, and Pensions Committee approved the bipartisan Prepare for and Respond to Existing Viruses, Emerging New Threats, and Pandemics Act (PREVENT Pandemics Act) ([S. 3799](#)) by a vote of 20-2. Committee leadership touts the legislation as strengthening public health infrastructure and medical product supply chains, improving the management of the Strategic National Stockpile, improving infectious disease and threat monitoring, and reducing disparities for at-risk communities. While the final vote was overwhelmingly positive, the bill took nearly a year to develop and does not have a companion House bill or process.

This markup happened concurrently with warnings from the Biden administration that several efforts to combat the current COVID emergency have run out of money, including funding for the purchase and administration of vaccines, antibody treatments, oral therapeutics, and diagnostic tests. The White House originally requested \$22 billion in supplemental funds. Congressional leadership had planned to include around \$15 billion in COVID funding in the Omnibus spending bill. However, it was delayed after several House Democrats opposed taking unused state support dollars from the American Rescue Plan to offset the new funding



Continued on next page

Click on the subjects below to view:

Overview

Bipartisan Take

International

Commerce

Financial Services

Health

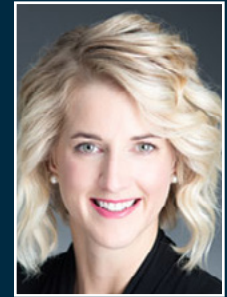
Appropriations & Budget

State Advocacy

Public Relations

Contact Us

“While the nation remains focused on getting ‘back to normal’ – we expect continued congressional battles over what to do now to keep Americans protected from COVID and how we will address pandemic responses in the future.”



Remy Brim, Ph.D.

BGR PRINCIPAL AND PRACTICE CO-HEAD

needs. A smaller package, without funding for international vaccinations, stalled in the Senate this week. House and Senate Republicans have expressed a reluctance to provide additional funding without knowing where the previous funding went and requested a full accounting from the Administration. Administration officials note this information has been provided but it has not been made public. Negotiations are still ongoing, and could result in a smaller or more targeted package in the face of a potential summer wave.

HHS is expected to renew the Public Health Emergency (PHE) when it expires on April 15. However, it is unclear whether it will be renewed again in July. The Administration’s decision to

end the PHE will have a very real impact on Medicaid enrollment, federal Medicaid funding, and additional payments for hospitals for inpatient COVID patients. Keep in mind the declarations that keep COVID products with Emergency Use Authorizations (EUAs) on the market and protect providers who administer these treatments and vaccines are separate from the PHE.

While the nation remains focused on getting “back to normal” – we expect continued congressional battles over what to do now to keep Americans protected from COVID and how we will address pandemic responses in the future.

PRACTICE CO-HEADS

Brent Del Monte

Remy Brim, Ph.D.

Overview

Bipartisan
Take

International

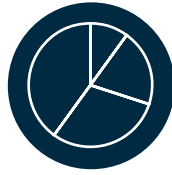
Commerce

Financial
Services

Health

Appropriations &
BudgetState
AdvocacyPublic
Relations

Contact Us



Appropriations & Budget

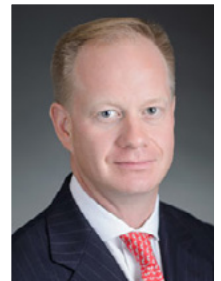
BUDGET AND APPROPRIATIONS PROCESS LAUNCHES LATE

President Biden sent his budget request to Congress on March 28, laying out his funding ambitions for Fiscal Year 2023 (FY 2023) that officially begins on October 1, 2022. The President's \$5.8 trillion budget request includes a billionaire's tax and increased defense spending aimed at supporting Ukraine as it continues its fight against Russian aggression. The submission by the White House typically kicks off the appropriations process for the coming fiscal year. The administration and Congress are already behind.

The FY 2022 budget process concluded five and a half months late when the President signed a \$1.5 trillion omnibus bill in mid-March. It took until early February for appropriators to formally agree on a topline sum and how the money would be split between defense and nondefense spending. Congressional leaders and top appropriators have already started discussing their plans for moving quickly to pass the 12 annual spending bills – known as the 302(b) allocations – for FY 2023. Sen. Susan Collins (R-ME), who is expected to become the GOP's top Senate appropriator next year, said she has already talked to House Majority Leader Steny Hoyer (D-MD) about trying to return to regular order for moving the funding measures.

It's an open question as to whether or not the House and Senate will advance a budget resolution for the coming fiscal year. They will at least need to "deem" a top-line spending number in order to write appropriations bills. When approved by both chambers, a budget resolution also sets in motion a reconciliation process that can be used to move spending-related legislation on a majority vote in the Senate. Because Senate Democrats have been unable to move the Build

“Given the condensed legislative calendar, Democrats may choose to focus on spending bills instead of a broader budget package.”



Bill Viney

BGR PRINCIPAL, APPROPRIATIONS PRACTICE

Back Better legislation as envisioned late last year, one reconciliation vehicle is still available for use. That vehicle expires at the end of the current fiscal year, September 30, 2022. Given the condensed legislative calendar, Democrats may choose to focus on spending bills instead of a broader budget package.

One reason why? In 2021, the appropriations process saw a significant change – the restoration

Continued on next page

Click on the subjects below to view:

Overview

Bipartisan Take

International

Commerce

Financial Services

Health

Appropriations & Budget

State Advocacy

Public Relations

of earmarks, now known as Community Project Funding requests. After an 11-year hiatus, the \$1.5 trillion FY 2022 omnibus spending package included more than 2,700 member-directed projects. For FY 2022, individual members of Congress solicited requests for funding from constituents, which were then submitted to the House and Senate Appropriations Committees for review and inclusion in the final funding bill. In the House, the Committee on Appropriations is accepting submissions from members between April 4 - 30. Information regarding how the member request process will work is included in Committee guidance [available here](#). All [transparency and accountability requirements](#) the Committee announced last year for Community Project Funding requests remain in place, including limiting spending on Community Project Funding to no more than 1 percent of discretionary spending. One of the biggest changes is that members can now request up to 15 projects instead of the 10 previously allowed. The Senate Appropriations Committee has not yet issued guidance for FY 2023 earmarks, referred to as Congressionally Directed Spending in the Senate. Last year, Senate requests were due between mid-June and early July. This year, it appears that most Senate requests will be due earlier, and in most cases, before Memorial Day.

Member-directed spending projects may be the only thing that can get the budget and appropriations process back on schedule ahead of a contentious midterm election season.

Timeline for FY 2023 Appropriations Process (subject to change):

- **March**
 - The President submits the FY 2023 budget.
- **April – May**
 - Appropriators begin agency budget hearings.
 - The House Appropriations Committee deadline for requests is April 30. Individual member offices have their own deadlines in April.
 - Members of Congress prioritize initiatives and make formal requests to the appropriations committee.
 - House and Senate create their budget resolutions and set the 302b allocations, which set the spending levels for the 12 appropriations subcommittees.
- **June**
 - Appropriations committees begin the markup process.
- **July**
 - Appropriations bills are brought to the floor of both houses.
- **October**
 - October 1 is the beginning of the next fiscal year. Recently, Congress rarely meets this deadline. Many are predicting this year’s process will carry over into a lame duck session.

APPROPRIATIONS PRACTICE HEAD

Bill Viney

Overview

Bipartisan
Take

International

Commerce

Financial
Services

Health

Appropriations &
BudgetState
AdvocacyPublic
Relations

Contact Us



State Advocacy

STATES TACKLE WIDE RANGE OF TOPICS IN LEGISLATIVE SESSIONS

It has been a busy year for state and local governments. Ongoing coronavirus pandemic response aside, the majority of states have been working through state legislative sessions, many of which are nearing adjournment. These sessions have been dominated by budget negotiations, redistricting, and a host of complex issues including, most recently, sanctions against Russia. The coming changes in state legislative leadership are also grabbing attention, with nearly a third of the top legislative posts in the country's 99 state legislative chambers [turning over](#).

All states enacting a new budget for FY 2023 have now released a budget proposal. These budgets show states are finding themselves in the unexpected position of having record budget surpluses. This is driven in part from historic federal stimulus dollars as well as better than expected tax revenues. In fact, more than half the states now expect to exceed revenue projections this fiscal year, projections that were already far higher than in previous years, according to a [survey](#) from the National Conference of State Legislatures. A list of proposed and/or enacted state budgets can be found [here](#). It is worth noting that most state and local governments are set to receive the second tranche of American Rescue Plan Act (ARPA) - Coronavirus State and Local Fiscal Recovery Funds early this summer.

Several states have passed – or are considering – record budgets, allocating extra dollars across a range of areas including broadband, workforce training, cybersecurity, healthcare (including addressing staff shortages and healthcare access and delivery), education, and economic devel-

“Many state legislatures are addressing social and cultural issues... as a result, corporations are facing increasing pressure from employees to weigh in against legislative actions that are outside traditional business priorities.”



Loren Monroe

PRACTICE HEAD AND PRINCIPAL

opment. This has created new opportunities for private sector engagement. States are also surging resources to support behavioral and

Continued on next page

Click on the subjects below to view:

Overview

Bipartisan Take

International

Commerce

Financial Services

Health

Appropriations & Budget

State Advocacy

Public Relations

Contact Us

mental health programs - see [Maine](#) and [Ohio](#), for example - accelerated by concerns emerging from the coronavirus pandemic.

State lawmakers in at least a dozen states have made, or are currently considering, both temporary and permanent tax cut measures. Iowa, for example, enacted a 3.9 percent flat tax. Mississippi had its largest-ever tax cut passed by lawmakers to reduce the state income tax over four years, beginning in 2023. In Georgia, Governor Brian Kemp (R-GA) recently signed into law a \$1.6 billion state income tax refund measure. Governor Phil Murphy (D-NJ) and Governor Kathy Hochul (D-NY) have proposed property tax relief plans.

Looking outside of budget negotiations, state officials continue to work to finalize the redistricting process. Forty states have completed redrawing their congressional maps (not counting the six states with only one congressional district). Only Florida, Ohio and New Hampshire continue to work through the process. Several redistricting proposals remain under

active litigation, including New York (see [What Redistricting Looks Like in Every State](#)). The outcomes could impact the national political picture.

Finally, many state legislatures are addressing social and cultural issues including restricting abortion, barring transgender athletes from competing in school sports, and banning teaching of critical race theory. As a result, major corporations are facing increasing pressure from employees to weigh in against legislative actions that are outside traditional business priorities. As legislators act, business leaders are navigating how to effectively express positions on specific legislation while simultaneously advancing their commercial interests.

For the remainder of 2022, state and local governments will continue to be quite active as they deploy ARPA dollars, prepare to spend new federal Infrastructure Investment and Jobs Act (IIJA) funds as well as address hot button issues important to base voters as we move into the 2022 primary and general elections.

STATE AND LOCAL ADVOCACY PRACTICE HEAD

Loren Monroe

MANAGING DIRECTOR OF STATE & LOCAL ADVOCACY

William Crozer

Click on the subjects
below to view:

Overview

Bipartisan
Take

International

Commerce

Financial
Services

Health

Appropriations &
Budget

State
Advocacy

Public
Relations



Public Relations

POST PANDEMIC COMMUNICATION MUST BROADEN, NOT NARROW

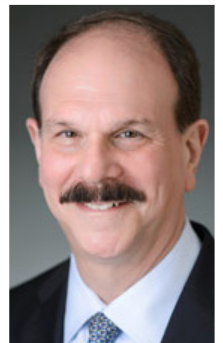
The pandemic has been part of our lives for so long that most people have begun to treat it as routine. It isn't.

COVID-19 will be seen as a historic divide between a world that still had a semblance of cohesion and a new, fragmented society that finds any excuse to fight.

Lack of human contact is a major cause. Too many have lost the skill of getting along because we didn't have to – except online, which isn't the same thing.

Tolerance has given way to rejection. Obstacles are viewed as dead ends. Competitors are mortal enemies. Scarcity of commodities and the growing chasm between the haves and have-nots have made this even worse.

“Tolerance has given way to rejection. Obstacles are viewed as dead ends. Competitors are mortal enemies. Improved communications can be an antidote. But to succeed it must embrace the change and offer credible alternatives.”



Jeff Birnbaum
PRACTICE HEAD

Continued on next page

Contact Us

Click on the subjects below to view:

Overview

Bipartisan Take

International

Commerce

Financial Services

Health

Appropriations & Budget

State Advocacy

Public Relations

Contact Us

The result is near-constant conflict between people, organizations, and governments. Crime and mental illness are rising. The U.S. is expanding economic warfare on two fronts – with China and now Russia. Even the typically genteel Oscars aren't safe.

Improved communications can be an antidote. But to succeed it must embrace the change and offer credible alternatives.

For example, adherents of the political left and right rarely get information from the same places. They don't even accept the same facts. Outreach to each side must be tailored to this schism.

Pinpointing audiences isn't new. But it has become even more important in this radically polarized age.

Communicators need to segment their audiences more finely and react to feedback faster to get their points across. Technology has provided

additional tools to do so, including OTT (Over the Top) advertising on streaming services.

Such extreme targeting produces results. It effectively sells products and ideas. But it also exacerbates alienation and misunderstanding. Our parallel universes grow farther apart when we cater to these ever-narrower interests.

Such targeting also limits the number of people to whom marketers can sell their goods and concepts.

The way out is to propound messages that attract multiple audiences.

Earth-shaking events can do this, like Russia's invasion of Ukraine. So can certain policies, such as expanding job-training programs.

The key to post-pandemic communications, therefore, is to use divergent channels not just to please narrow audiences but to assemble broader ones.

PUBLIC RELATIONS PRACTICE HEAD

Jeffrey H. Birnbaum

BGR | GROUP

CONTACT US

601 13TH ST. NW
WASHINGTON, DC 20005
WWW.BGRDC.COM

[Jo Maney](#), Public Relations Principal

[Usman Rahim](#), Financial Services Policy Analyst

[Katie McHenry](#), Executive Assistant

[LaVidaCo Communications](#), Report Design