

THE VIEW FROM WASHINGTON

2022 POLICY AND POLITICAL OUTLOOK

FEBRUARY 15, 2022

Setting the Stage: 2021 Recap

New Biden Administration

- January 20 inauguration
- Immediate focus:
 - Covid response (public health and economic response)
 - Executive actions

Unified (Barely) Democratic Congress

- 50 / 50 Senate following two Georgia runoff elections
- Narrow House margins
 - Less than a handful of votes to lose
- Diverse Caucus

But yet... some significant achievements!

Setting the Stage: 2021 Recap

Major Laws Enacted

- \$1.9T *American Rescue Plan Act* (COVID relief package) (March)
 - \$1400 direct payments
 - Earned Income Tax Credit, Child Tax Credit expansion
 - Pandemic unemployment benefit extension
 - Employee Retention Tax Credit and paid leave credit extension
 - Vaccine distribution funding
 - \$360 billion in aid for state and local governments
 - Funding to re-open schools and prop up various sectors of the economy

Setting the Stage: 2021 Recap

Major Laws Enacted, cont'd

- 5-year \$1.2T *Infrastructure Investment and Jobs Act* (November)
 - **Broad in scope**: funding for roads and bridges, public transit, freight and passenger rail, drinking and wastewater infrastructure, pipelines, ports and airports, broadband deployment and adoption, grid security and resiliency, and clean energy programs
 - Major domestic procurement ("Buy America") requirements for infrastructure materials
 - FY22 appropriations will unleash additional IIJA funding
 - Implementation underway, flurry of agency activity
 - White House priorities (November E.O.)
 - **Avoid waste**; focus on measurable outcomes
 - **Buy America**; bolster manufacturing, and address supply chains
 - **Create job opportunities**; higher labor standards and prevailing wages
 - **Promote equity**; Justice 40 and disadvantaged communities
 - **Enhance resiliency** and **combat climate change**
 - **Coordinate** with state and local governments

Setting the Stage: 2021 Recap

Major Laws Enacted, cont'd

- FY22 *National Defense Authorization Act* (December)
 - 61 straight years
 - Frequently a year-end “vehicle” for Congressional priorities
- Debt limit increase (December)
 - \$2.5 trillion increase
 - One-time “fast track” process
 - Issue punted until after 2022 midterms

2022 POLICY OUTLOOK

2022 Outlook: Complicating Factors

- The Economy
 - The Good: GDP; unemployment rate
 - The Bad: Supply chain and labor market challenges; inflation; consumer sentiment
 - The Ugly: Pandemic uncertainties (entering year 3!)
- International Affairs
 - Russia / Ukraine crisis
 - China challenges
- Politics
 - Narrow Congressional majorities
 - Intraparty battles
 - Midterm elections looming / shortened legislative calendar

2022 Congressional Agenda

- Left undone, but still possible...

FY22 Government Funding

Considerations:

- Funding levels / “parity”
- Policy riders
- Add-ons (COVID; disaster relief)
- Dem concerns with full year CR

Outlook: LIKELY

Build Back Better Act

Considerations:

- Sens. Manchin (D-WV) & Sinema (D-AZ)
- Slim down priorities (climate / clean energy, healthcare)
- Bring down price tag (< \$1.5T) / still major revenue need (i.e., taxes)
- Economic data (inflation)

Outlook: UNCERTAIN

China / “Competitiveness” Bill

Considerations:

- White House pressure, particularly for CHIPS Act funding
- Trade title prospects uncertain
- GOP concerns

Outlook: LIKELY (but how comprehensive?)

Voting Rights

Considerations:

- Comprehensive legislation stalled
- Filibuster remains in tact; need 60 votes
- Slim down – e.g., Electoral Count Act reform (bipartisan talks ongoing)

Outlook: UNCERTAIN

2022 Congressional Agenda

Trade Legislation

- Senate USICA vs. House COMPETES Act: *A Tale of Two Trade Titles*

USICA Trade Title (Wyden-Crapo)	America COMPETES Trade Title (Ways & Means)
Retroactive Generalized System of Preferences (GSP) reauthorization through 2027 <ul style="list-style-type: none">Modifies eligibility criteria	Retroactive GSP reauthorization through 2024 <ul style="list-style-type: none">Stronger human rights, environmental criteria than USICA
Retroactive Miscellaneous Tariff Bill (MTB) reauthorization through 2023	Retroactive MTB reauthorization through 2023 <ul style="list-style-type: none">Excludes finished products from future MTBs
Section 301 (China) Exclusions Re-Start <ul style="list-style-type: none">Also requires exclusion process for future 301s	Trade Agreement Assistance (TAA) reauthorization <ul style="list-style-type: none">Funding and programmatic changes
Requires reports on China circumvention via Hong Kong; industrial overcapacity	Trade remedy legislation <ul style="list-style-type: none">Level the Playing Field 2.0 (Sewell / Johnson)
Digital Trade provisions (e.g., addressing censorship as a trade barrier)	Outbound investment review provision ("National Critical Capabilities Defense Act")
Transparency provisions <ul style="list-style-type: none">Requires a number of reports from USTR, CommerceEstablishes USTR Inspector General	De minimis threshold reform (Blumenauer) <ul style="list-style-type: none">Essentially restricts China from using de minimis (under which imports < \$800 enter duty-free)

- What if trade title is jettisoned in conference?

2022 Congressional Agenda


- Other Likely and “Must Do” Items
 - Bipartisan Russian sanctions legislation
 - Supreme Court confirmation
 - Additional Judicial and Executive Branch confirmations
 - FY23 government funding
 - President’s budget expected in early March
 - Process delayed by ongoing FY22 negotiations
 - Annual defense authorization bill
 - Biennial Water Resources Development Act (WRDA)
 - Healthcare legislation
 - FDA user fee reauthorizations, telehealth, pandemic preparedness, mental health
 - Preparations for 2023 Farm Bill

Key Dates

- End of February: President Biden to announce SCOTUS pick
- March 1: State of the Union
- March 1: First Congressional primary (Texas)
- March 9-11: House Democrats' Issues Conference
- March 10: February CPI Data Release
- March 11: FY22 Continuing Resolution (government funding) expires
- March 15-16: Fed Meeting (interest rate hike?)
- March 23-25: House Republicans' Issues Conference
- September 30: End of Fiscal Year 2022
- September 30: Target House adjournment ahead of Election Day
- October 21: Target Senate adjournment ahead of Election Day
- November 8: **Midterm Elections**

2022 MIDTERM ELECTIONS

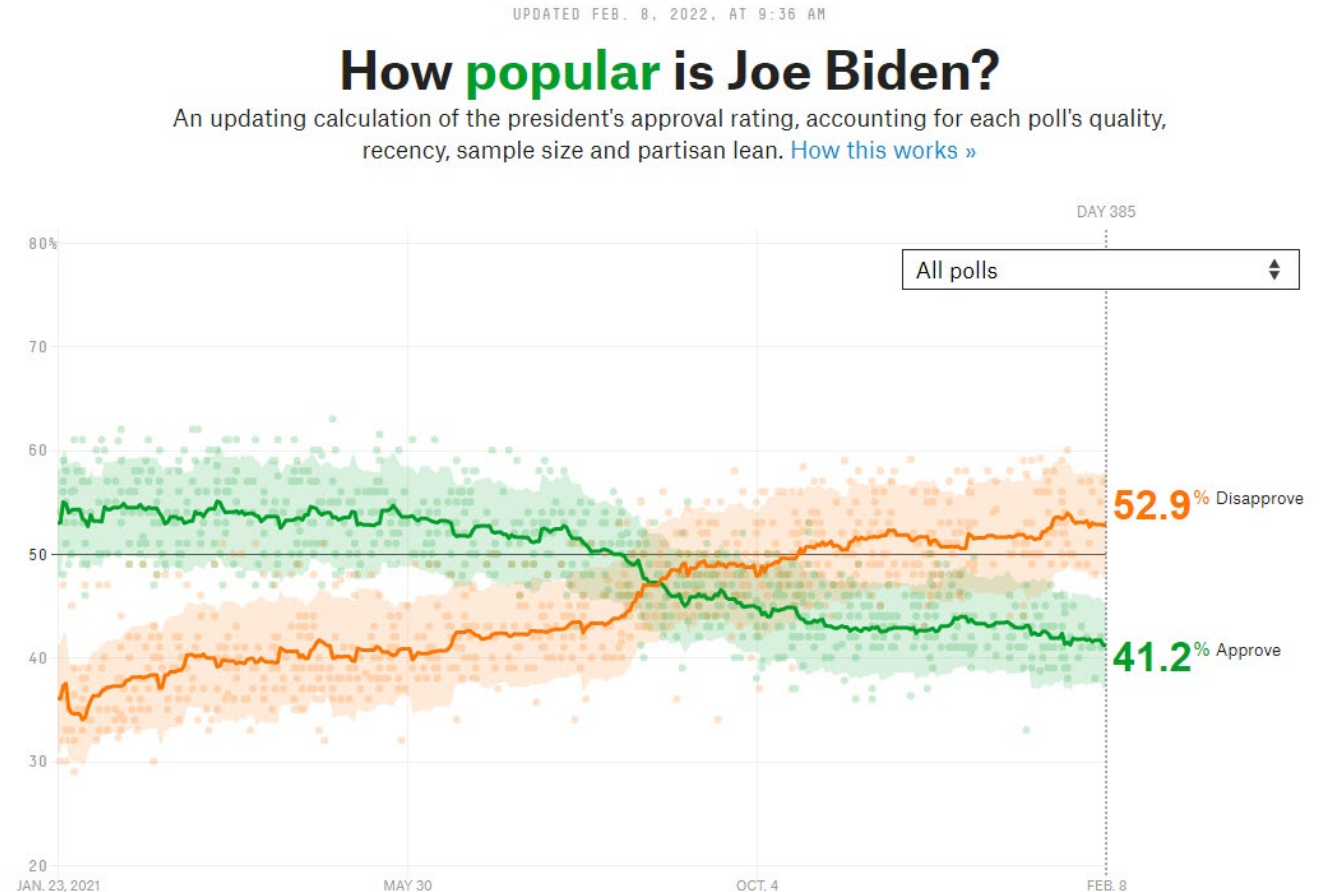


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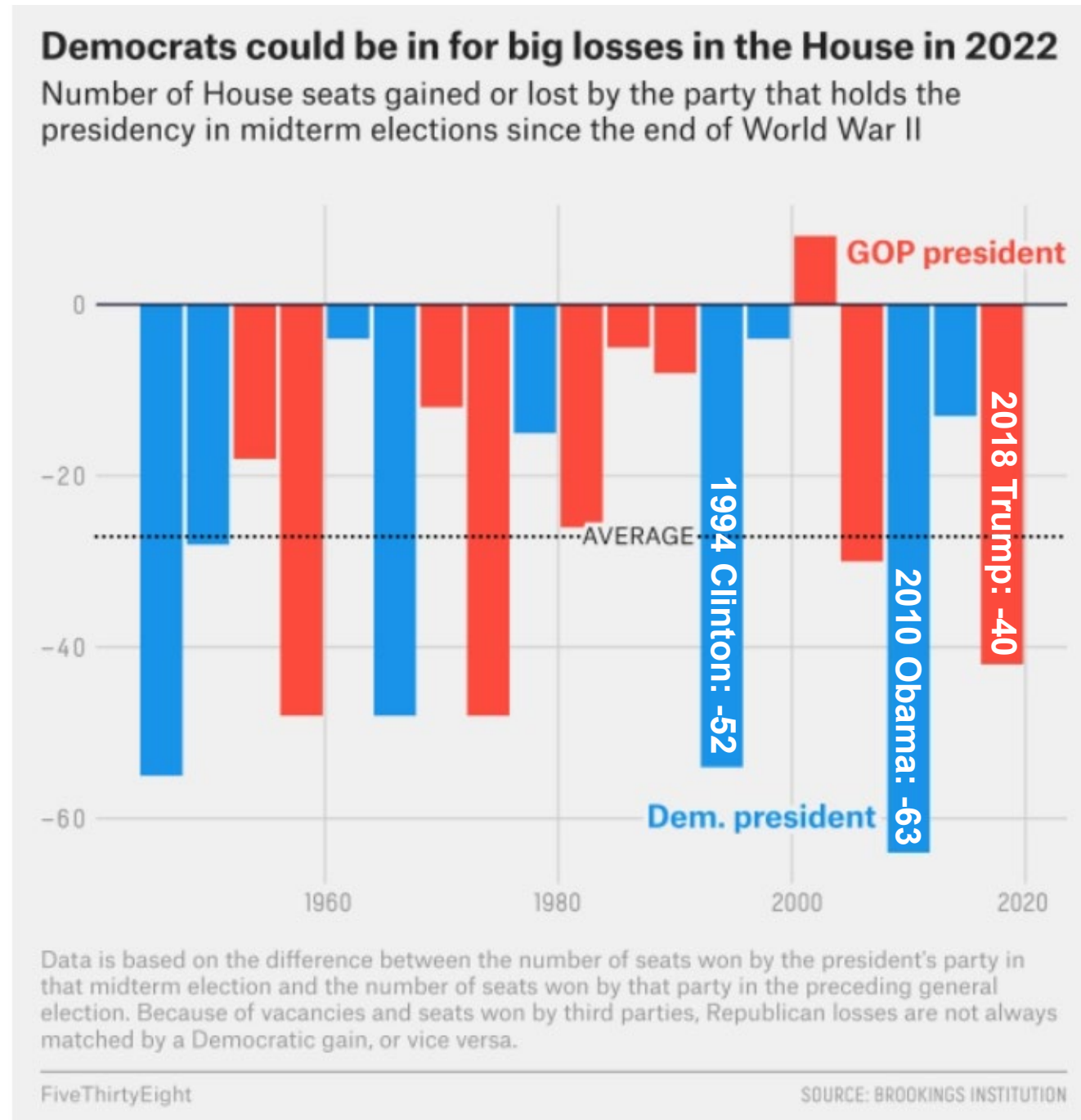
2022 Election Preview

- Democrats facing major headwinds
 - Economic uncertainty / inflation
 - President Biden's approval rating
 - Generic ballot deficit
 - GOP maintains a slight lead
 - Early bellwethers
 - 2021 Gubernatorial elections
 - **New Jersey:** Democrat Phil Murphy was narrowly re-elected; Biden carried the state by almost 16 points in 2020
 - **Virginia:** Glen Youngkin became the first Republican to win statewide office in a dozen years; Biden carried the state by 10 points in 2020



2022 Election Preview

- Historical **precedent**
 - President's party typically *loses seats* in midterms
 - Average Senate seat change: -3.6
 - Average House seat change: -28



2022 Election Preview: Issues to Watch

What Are Voters' Top Issues?

- **The economy** (e.g. taxes, wages, jobs, unemployment and spending): 39%
- **Security** (e.g. terrorism, foreign policy and border security): 16%
- **Health care** (e.g. the ACA, Medicaid): 12%
- **Seniors' issues** (e.g. Medicare and Social Security): 11%
- **Women's issues** (e.g. birth control, abortion rights and equal pay): 6%
- **Education** (e.g. school standards, class sizes, school choice and student loans): 4%
- **Energy** (e.g. carbon emissions, cost of electricity/gasoline and renewables): 6%
- **Other**: 6%

Data Source: [Politico / Morning Consult \(Jan 2022\)](#)

Who Do Voters Think Would Do a Better Job?

Summary Table Among Registered Voters					
	Democrats	Republicans	(Equal)	(Don't know)	Difference
Climate change?	58%	36	1	5	+22D
Racism?	57%	37	1	5	+20D
Health care?	55%	39	2	4	+16D
Bringing the country together?	51%	42	1	5	+9D
The coronavirus pandemic?	52%	43	2	3	+9D
Education?	52%	45	*	2	+7D
Protecting American democracy?	50%	48	-	2	+2D
Taxes?	43%	54	*	3	+11R
The federal budget deficit?	41%	54	1	4	+13R
Immigration?	41%	56	1	3	+15R
The economy?	41%	56	-	3	+15R
Crime?	41%	56	*	3	+15R
Border security?	40%	56	1	3	+16R
National security?	40%	56	*	4	+16R

Chart Source: [Fox News Poll \(Jan 2022\)](#)

2022 Election Preview: Senate

Current Balance of Power

50 / **50**
GOP **Dem**

- 34 Senate seats up for election in 2022
 - Republicans need to pick up **ONE seat to flip control** of the chamber
- Republicans are defending 20 seats
 - Two in states President Biden won in 2020: Pennsylvania and Wisconsin
 - Five open seat races in states currently held by GOP (AL, MO, NC, OH, PA)
- Democrats are defending 14 seats
 - All states were carried by President Biden in 2020
 - One open seat race in state currently held by a Democrat (VT)

2022 Senate Races to Watch

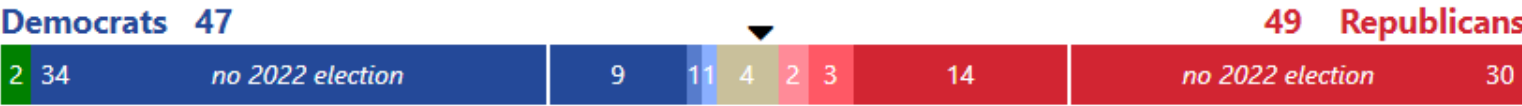
Open Seats (Retirements)

State	Primary Date Runoff
Alabama <i>Shelby (R) retiring</i>	May 24 June 21
Missouri <i>Blunt (R) retiring</i>	August 2
North Carolina <i>Burr (R) retiring</i>	June 7 July 26
Ohio <i>Portman (R) retiring</i>	May 3
Pennsylvania <i>Toomey (R) retiring</i>	May 17
Vermont <i>Leahy (D) retiring</i>	August 9

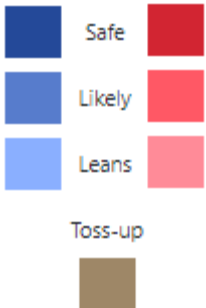
Incumbents with Competitive Races

State	Incumbent
Arizona	Mark Kelly (D)
Colorado	Michael Bennet (D)
Florida	Marco Rubio (R)
Georgia	Raphael Warnock (D)
Nevada	Catherine Cortez Masto (D)
New Hampshire	Maggie Hassan (D)
Wisconsin	Ron Johnson (R)

2022 Senate Race Ratings



You are viewing: 2022 Consensus



No election in gray states.

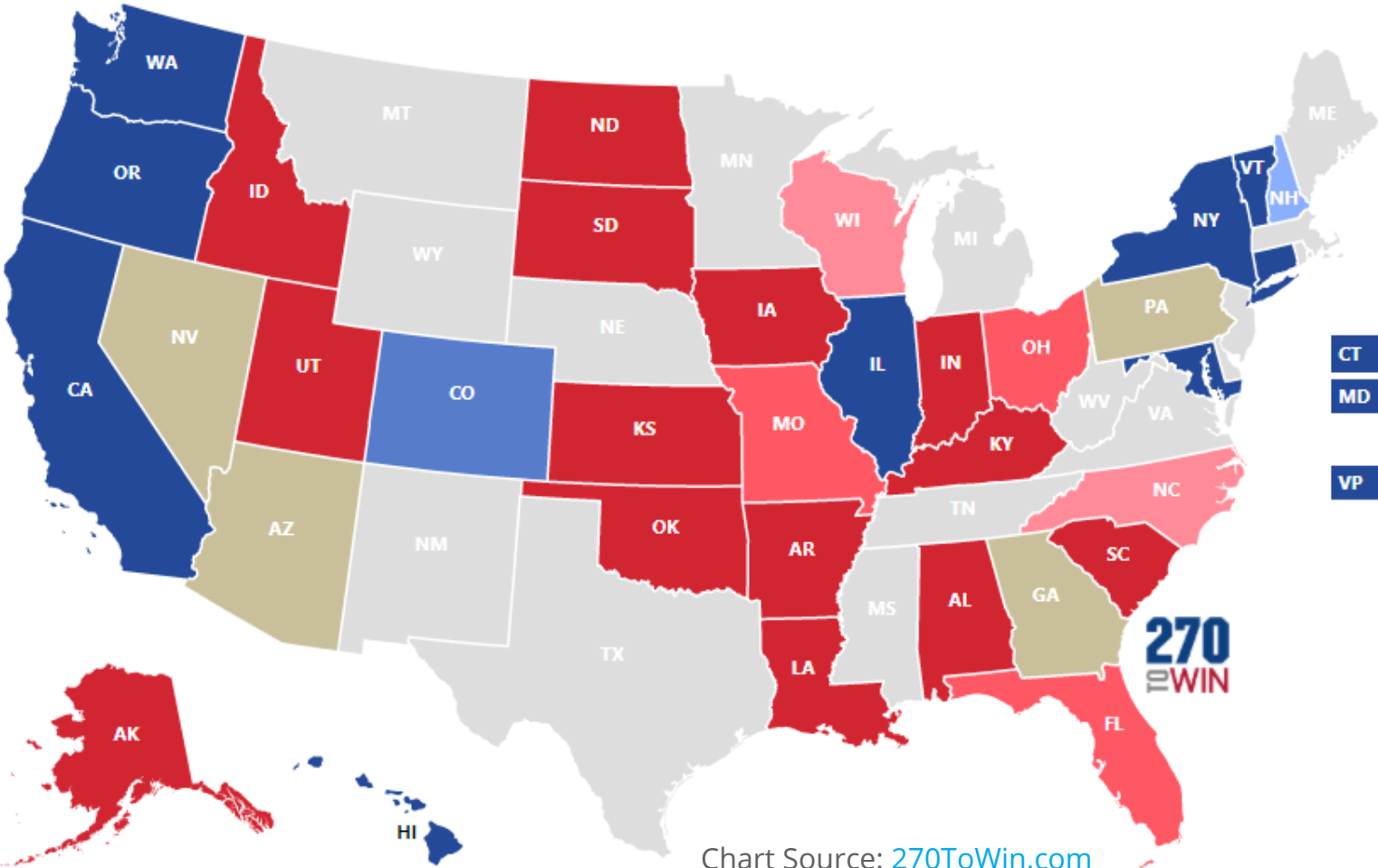
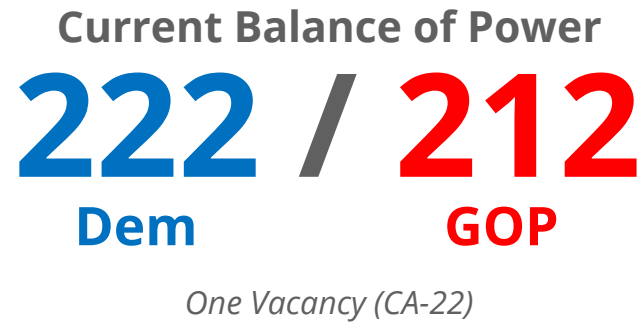


Chart Source: 270ToWin.com

2022 Election Preview: House



- Republicans need to net ***FIVE seats to flip control*** of the chamber
- Democrats' path to maintain the majority complicated by:
 - National headwinds (as discussed)
 - Cook Political Report analysis shows almost 50 House Democrats in districts where Biden won by less than 55 percent in 2020
 - Retirement wave: losing the advantage of incumbency
- At the same time, redistricting may benefit Democrats
- For both parties, will we see the continued loss of the middle?
 - Notable primary challenges on both sides

2022 House Retirements

House incumbents not seeking re-election in 2022

As of Jan. 27, 2022

Retiring

21 Democrats, 7 Republicans



Seeking other office

8 Democrats, 7 Republicans



Data: House Press Gallery; Chart: Jacque Schrag/Axios

2022 House Redistricting



David Wasserman

@Redistrict

- Process completed in all but ~10 states
 - Notable court decisions in Alabama, North Carolina, Ohio, Pennsylvania
- Overall: ~11 more Democratic-leaning seats, three fewer Republican-leaning seats and eight fewer highly competitive seats
- Incumbent v. Incumbent battles:

The surprising good news for Democrats: on the current trajectory, there will be a few *more* Biden-won districts after redistricting than there are now — producing a congressional map slightly less biased in the GOP's favor than the last decade's. The bad news for Democrats: if President Biden's approval ratings are still mired in the *low-to-mid 40s* in November, that won't be enough to save their razor-thin House majority (currently 221 to 212 seats).

NEW DISTRICT	PARTY	INCUMBENT	% POP. OLD DISTRICT	INCUMBENT	% POP. OLD DISTRICT
GA-07	D	Carolyn Bourdeaux	57 . 0%	Lucy McBath	12 . 1%
MI-11	D	Haley Stevens	45 . 1	Andy Levin	24 . 8
IL-06	D	Marie Newman	41 . 3	Sean Casten	23 . 4
WV-02	R	David McKinley	66 . 2	Alex Mooney	33 . 8
MI-04	R	Fred Upton	64 . 1	Bill Huizenga	24 . 6
IL-15	R	Mary Miller	31 . 3	Rodney Davis	28 . 4

ENGAGEMENT

Being Heard in Washington

- Engagement in an Election Year
 - Host plant tours
 - Meet with legislators and staff
 - Wire and Wire Products Caucus
 - Utilize your company's issue experts
 - Consider potential redistricting changes!



Questions?



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