

WEEKLY CURRENT

September 26 - 30, 2022

Issues Making a Splash This Week

- **Piling on Polling:** Everyone loves to hate polls, and with some good reason. But as the midterm elections near, they provide an important, yet limited, tool for gauging the election.
- **Smells Like Schadenfreude:** Fresh off his first legislative loss in recent memory, Senator Joe Manchin (D-WV) is still pushing for permitting reform during the lame duck congressional session but he is up against the politics of revenge in the form of Senate Minority Leader Mitch McConnell (R-KY).
- **Changes May Be Coming to Federal Broadband Programs:** A group of senators have introduced a bill to ensure that federal broadband grants won't count as taxable income for providers, and the National Telecommunications and Information Administration has proposed a waiver to "Buy America" requirements for middle-mile broadband.

TRUST BUT VERIFY THE POLLS: It's an old rhyming Russian proverb, "doveryai no proveryai," but it applies to American polls today. The 2020 election saw the largest polling error in 40 years. The [postmortem](#) by the polling industry has basically been $\sqrt{\text{error}}$. There was a Republican-bias in the polls back in 2012, but in every election cycle since (2014-2020), the polls in competitive races [skewed towards](#) the Democrats to varying degrees. [Everyone has their theories](#) on why.

Our take is that in an age of screening cell phone calls and declining trust, it's harder for pollsters to get a [representative sample](#) of public opinion and voting intentions. With how the party coalitions are aligned these days, those most distrustful of a pollster are more likely to vote Republican. **Yet our analysis that Republicans are favored to win the House and Senate isn't based on an expected Democratic polling bias.** We trust the polls but also know there is a margin of error and likely some pro-Democratic or Republican tilt. We just don't know which way and the magnitude. **Polls are important but they are just one piece of the midterm puzzle** (and for the love of God, take the polling average).

In looking at the polls today, there are reasons for Republicans to be feeling better about the trajectory from just one month ago. The [RealClearPolitics generic congressional ballot](#) has Republicans up by one point after Democrats were ahead earlier in the month. **In the RealClearPolitics averages of all the Senate races, November 8th would result in a 50-49 Republican advantage, with the fate of the Senate coming down to a December runoff of the Georgia Senate election as neither candidate is polling above 50 percent.** Without a Libertarian running as a third-party and unified control of government no longer up for grabs (assuming Republicans win back control of the House), we believe Republicans have a better chance in the runoffs. Beyond the margins, there is still a decisive number of undecided voters nationally and in key races. On the generic congressional ballot where Republicans are ahead by one point, the combined vote total is 90.8 percent, with a small but significant number still undecided. In Pennsylvania, Mehmet Oz is closing the gap with Lt. Gov. John Fetterman (D-PA). It's a [4.4-point race](#) and Fetterman is polling below 50 percent (we still give Fetterman a slight edge for now). **Will the undecided voters break towards**

Republicans or Democrats as the election nears (or not vote at all)?

Beyond the polls, the narrative this summer has been conflicting. The historical and structural trends favored Republicans. President Biden was polling poorly and Americans viewed the economy as bad. Then *Dobbs v. Jackson* and the never-ending Trump show disrupted the traditional narrative of a midterm being a referendum of the party in power. This only exacerbated a consistent trend in Democrats' favor this cycle – better candidate quality in key Senate races. **Those conflicting trends continue but we are seeing a recent shift towards pro-Republican trends.** Inflation and the economy continue to be high on the list of voter concerns while the migrant crisis is rising and abortion is ebbing. **Biden's [approval rating](#) has plateaued in the low 40s, creating a big hurdle for Democratic candidates to overperform. That'll work in some races, but we don't think it'll work in enough races. Still, we're still over a month away and October is always full of surprises.** Trust us on this, but check back in soon.

HOW LAME ARE PERMITTING REFORM'S PROSPECTS?: The once almighty Senator Joe Manchin (D-WV) suffered a legislative setback this week as he learned that power wanes when you are not the deciding vote. Despite the deal that Manchin struck with Senate Majority Leader Chuck Schumer (D-NY) where Manchin voted for the Inflation Reduction Act (IRA) in exchange for Schumer including Manchin's permitting reform proposal in this week's continuing resolution (CR) to fund the government, progressive Democrats and a particularly burned Senate Minority Leader Mitch McConnell (R-KY) – and most members of his party – stood in the way to block Manchin from notching another legislative win. **This means that permitting reform will not pass before the midterm elections, but a determined Manchin will still be looking to attach his bill, or more likely a compromise version thereof, to must-pass legislation during what is expected to be a busy lame duck session. Should he find friendlier political ground, the [Energy Independence and Security Act of 2022](#) would streamline federal permitting for all energy projects and help speed up completion of the Mountain Valley Pipeline (MVP) in particular in his home state.**

Our base case is that there will not be a resolution to permitting reform this Congress, leaving an opportunity for the 118th Congress. But there are still opportunities in the lame duck session that will largely come down to McConnell. Manchin is not the only senator who wants permitting reform. Like infrastructure, many in Washington want it. Progressive Democrats were split on attaching the bill to the CR because some felt the support for MVP was palatable compared to what the bill would do for speeding needed renewable projects. Climate hawk Senator Brian Schatz (D-HI) said yesterday that “We’ve got to let the dust settle and then we have to keep negotiating.” And on the other side of the aisle, Senator Bill Cassidy (R-LA) said, “You’ve got to have more involvement than just Joe and Chuck,” referring to Manchin and Schumer.

Cassidy's comment gets at what sunk the CR permitting reform at this time.

Members on both sides felt excluded from crafting the policy and did not therefore have a sense of buy-in to enact Joe and Chuck's handshake deal. And McConnell came away burned and with a likely sense of vengeance because he had supported the bipartisan China competition bill hours before Manchin announced he had secretly reached a deal on the IRA, which McConnell had thought to be dead. Because of the continued appetite for permitting reform in both parties, Manchin could work with his counterpart Senator Shelley Moore Capito (R-WV) — who put out her own rival permitting bill before agreeing to support Manchin's — to assemble a bipartisan group.

But timing is an issue if members want to rewrite provisions of the bill. The authority to site transmission lines remains a thorny issue and GOP members and power

sector trade groups had pushed back on his bill's decision to empower federal regulators to handle siting and cost allocation of these power line projects. And for the proposal to pass in the lame duck session, it would likely need to be a part of the National Defense Authorization Act, which could generate pushback for not being defense related, or in an omnibus funding measure because the time to vote on a standalone measure is limited. **The politics could also be too hard to overcome in the lame duck time period.** Progressives are still opposed to MVP and Republicans would likely have to make up for their absence. But Capito's proposal, which had 46 Republican cosponsors, also had measures limiting climate regulations beyond the scope of permitting that are non-starters for Democrats. In order to pass in lame duck, a true compromise devoid of poison pills would need to be reached.

And McConnell's influence will loom large over any such efforts. Manchin is up for reelection in 2024 and, coming off of a successful past two years, McConnell may want to clip his wings before he runs again [\(if he does\)](#) in his otherwise dark red state. If McConnell wants to ensure Manchin does not get another legislative win, he has the means to block it. And beyond the lame duck session, if McConnell once again gains the title of majority leader, he could block permitting reform legislation from receiving a floor vote. Conversely, if Democrats hold on to control of the Senate, Republicans may still not want to hand them the win before the 2029 elections. Either way though, the permitting reform effort will live on as energy remains a top — and bipartisan — issue in Washington.

POTENTIAL TAX FIX AND “BUY AMERICAN” WAIVERS FOR BROADBAND:

Recipients of federal broadband grants may be granted tax relief by Congress this year. **Yesterday, a bipartisan group of senators led by Mark Warner (D-VA) and Jerry Moran (R-KS) [introduced](#) a bill that would exempt federal funding for broadband expansion from being counted as taxable income by the Internal Revenue Service (IRS).** The legislation covers both broadband grants from the Infrastructure Investment and Jobs Act (IIJA) and the American Rescue Plan (ARP). The IIJA included \$65 billion in federal spending to boost internet connectivity, while broadband spending in the ARP amounted to \$17 billion.

Prior to this legislation, there was some uncertainty whether accepting federal broadband subsidies would result in a higher tax bill for providers. In an interview with Politico last month, Alan Davidson, administrator of the National Telecommunications and Information Administration (NTIA), noted that this issue was “clearly something we want clarity around before allocations are finalized.” **Passage of Warner and Moran's bill could potentially help smooth out the allocation process. The first IIJA dollars for the \$42.5 billion Broadband Equity, Access, and Deployment (BEAD) program will likely start flowing next year.** An [info sheet](#) released by the NTIA earlier this year predicted that initial proposals from states would be considered around early-to-mid 2023, unlocking 20 percent of each state's total funding, with final proposals following in 2024. As for the middle-mile broadband infrastructure program, those grants will be awarded no earlier than March 1st, 2023, according to a [timeline](#) published by the NTIA.

Warner and Moran's bill, the Broadband Grant Tax Treatment Act, is a strong candidate for inclusion in a potential tax extenders package during the lame duck session of Congress. The legislation is highly bipartisan and enjoys the support of cosponsoring Senators Tim Kaine (D-VA), Roger Wicker (R-MS), Raphael Warnock (D-GA), and Shelley Moore Capito (R-WV). **Broadband buildout is an issue that affects the entire country, red and blue states alike, and particularly rural areas that are represented by Republicans in the Senate. This makes it likely that the legislation would receive sufficient GOP support to surpass the threshold of 60 votes to defeat a filibuster and pass the upper chamber.**

Politico scooped last week that the NTIA has proposed a waiver for the “Buy American” requirements for the \$1 billion middle-mile broadband program. In a [public notice](#), the NTIA requested comment until next Monday, October 3rd. The deadline for the program is today, September 30th. **The waiver, if enacted, would cover middle-mile project funding awards between March 2023 and March 2024 and would be reviewed every six months by the NTIA.** The White House Office of Management and Budget’s “Buy American” [guidance](#) for federal infrastructure projects established three exceptions to allow waivers: (1) if following the guidance “would be inconsistent with the public interest;” (2) if the items to be procured “are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality;” and (3) if buying American “will increase the cost of the overall project by more than 25 percent.” The NTIA cited unavailability of necessary materials. **The proposed waiver for the middle-mile program raises the question of whether the NTIA might also consider a waiver for the BEAD program, but nothing has been released as of now.**

A Quick Look Back

House

On Monday and Tuesday, the House was not in session.

On Wednesday, the House considered non-controversial measures under expedited procedures.

On Thursday, the House considered bills regarding voting access for certain Native Americans and the Northern Mariana Islands, mental health, and merger filing fees and 27 other measures that were considered under expedited procedures.

Today, the House will reconvene at 9:00 a.m. and will consider the continuing resolution (CR) to fund government operations through December 16th and a bill that would authorize the Justice Department to issue lump-sum “catch-up” payments to 9/11 survivors, spouses, and dependents.

Senate

On Monday, the Senate was not in session.

On Tuesday, the Senate considered the CR to fund government operations through December 16th.

On Wednesday, the Senate resumed consideration of the CR.

On Thursday, the Senate held a final vote to pass the CR and a final confirmation vote on the nomination of Arianna J. Freeman to be a judge on the Court of Appeals for the Third Circuit.

Today, the Senate is not in session.

White House

2021 World Series championship and spoke at a meeting of the White House Competition Council.

On Tuesday, President Biden delivered remarks focused on health care costs, Medicare, and Social Security in the Rose Garden.

On Wednesday, President Biden delivered remarks at the White House Conference on Hunger, Nutrition and Health. Then he and First Lady Dr. Jill Biden delivered remarks on the Americans with Disabilities Act. Next, the president received a briefing from his senior economic team on global economic developments. Finally, Biden participated in a Democratic Governors Association reception.

On Thursday, President Biden received a briefing on impacts from Hurricane Ian and ongoing federal response efforts at FEMA headquarters. Later, he welcomed Pacific Island leaders to the White House for a family photo and then hosted a dinner for Pacific Island leaders.

Today, President Biden will receive his daily intelligence briefing at 9:00 a.m. At 10:00 a.m., the president with First Lady Dr. Jill Biden, Vice President Harris, and Second Gentleman Doug Emhoff will attend the investiture ceremony for Supreme Court Justice Ketanji Brown Jackson. At 11:30 a.m., Biden will deliver remarks on the ongoing federal response efforts for Hurricane Ian. At 12:00 p.m., the president and first lady will host a reception to celebrate the Jewish New Year. At 4:00 p.m., the Bidens will host a Hispanic Heritage Month reception and the president will deliver remarks.

Spotlight Review

Tuesday: [The 118th Congress: United While Divided](#)

Thursday: [Get Ready for the Biden Regulatory Agenda](#)

On the Horizon

Macroeconomic

Today at 9:00 a.m., Federal Reserve Board Vice Chair Lael Brainard will give opening remarks at the Federal Reserve Bank of New York and Federal Reserve Board Conference on Financial Stability Considerations for Monetary Policy. [More information here.](#)

Today at 9:00 a.m., the Center for Global Development will hold a virtual discussion titled "Global Challenges Require Global Solutions: Transforming the Multilateral Development Bank (MDB) System." [More information here.](#)

Today at 11:00 a.m., Federal Reserve Board Governor Michelle Bowman will deliver remarks at an Institute of International Finance event titled "Principles for Large Bank Supervision." [More information here.](#)

On Monday at 9:00 a.m., Atlanta Federal Reserve Bank President Raphael Bostic and Richmond Federal Reserve Bank President Thomas Barkin will speak at the 2022 Technology-Enabled Disruption conference hosted by the Federal Reserve Banks of Atlanta, Richmond, and Dallas.

On Monday at 2:15 p.m., Kansas City Federal Reserve Bank President Esther George will speak on "Payments" before the Federal Reserve Bank of Chicago Payments Symposium.

On Tuesday at 9:00 a.m., New York Federal Reserve Bank President John Williams will give opening and closing remarks at the "Culture and the New Workplace" webinar hosted by the Federal Reserve Bank of New York, a part of the New York Fed's initiative to spur reform of culture and conduct in the financial services industry and encourage the industry to raise standards.

On Tuesday at 4:00 p.m., San Francisco Federal Reserve Bank President Mary Daly will participate in a fireside chat before a hybrid event at the Council on Foreign Relations.

On Thursday at 1:00 p.m., Chicago Federal Reserve Bank President Charles Evans will participate in a moderated Q&A with the Illinois Chamber of Commerce.

On Thursday at 1:00 p.m., the Peterson Institute for International Economics will hold a virtual discussion with Federal Reserve Board Member Lisa Cook on the US economic outlook. [More information here.](#)

On Thursday at 3:00 p.m., the Peterson Institute for International Economics will hold a virtual discussion titled "Global Economic Prospects: Fall 2022." [More information here.](#)

On Thursday at 6:30 p.m., Cleveland Federal Reserve Bank President Loretta Mester will speak on monetary policy and the economic outlook before the Council for Economic Education "Economists on the Economy" event.

On Friday at 10:00 a.m., the Center for Global Development will hold a virtual discussion titled "Global Challenges Require Global Solutions: Transforming the Multilateral Development Bank (MDB) System." [More information here.](#)

On Friday at 10:00 a.m., New York Federal Reserve Bank President John Williams will participate in a fireside chat and moderated question-and-answer session organized by SUNY Buffalo.

Coronavirus

Today at 10:30 a.m., the Center for Strategic and International Studies will hold a discussion titled "COVID-19 and Digital Payments: How the Pandemic Changed Government-to-Persons (G2P) Payments Globally." [More information here.](#)

Cryptocurrency

Today, the Government Blockchain Association will continue a conference titled "Blockchain and Infrastructure: Building Blockchain for Government." [More information here.](#)

On Tuesday at 10:00 a.m., the American Enterprise Institute for Public Policy Research will hold a discussion titled "The Future of Cryptocurrency Regulation." [More information here.](#)

Defense

On Thursday at 1:00 p.m., the Atlantic Council will hold a virtual Forward Defense Forum titled "How Can We Deter China in the 2020s?" [More information here.](#)

Education

On Thursday at 2:30 p.m., the Economic Policy Institute will hold a virtual discussion titled "What Matters Most for Student Success from Parents' and Educators' Perspectives." [More information here.](#)

Energy, Environment, and Natural Resources

On Tuesday at 11:00 a.m., the Wilson Center's Environmental Change and Security

Program will hold a virtual discussion titled "What Better Looks Like: Breaking the Critical Minerals Resource Curse." [More information here.](#)

On Wednesday at 9:00 a.m., the Peterson Institute for International Economics will hold a virtual discussion titled "Wage dynamics and climate change policies in an inflationary world." [More information here.](#)

On Thursday at 9:00 a.m., the Center for Strategic and International Studies will hold a discussion titled "The Implementation Plan for the Army Climate Strategy." [More information here.](#)

Geopolitical

Today at 9:00 a.m., the Brookings Institution will hold a virtual discussion titled "Global China: US-China relations through the lens of technology competition." [More information here.](#) Expected participants include:

- Tarun Chabra, senior director for technology and national security, White House

Today at 12:00 p.m., the George Washington University Sigur Center for Asian Studies will hold a discussion titled "What Will Be the Legacy of Prime Minister Shinzo Abe?" [More information here.](#)

On Monday at 4:00 p.m., the US Chamber of Commerce will hold a virtual discussion titled "The Ongoing Russia-Ukraine Conflict Where We're Heading and Geopolitical Implications." [More information here.](#)

On Tuesday at 10:00 a.m., the Brookings Institution will hold a discussion titled "Will China's strongman become even stronger? What the 20th Party Congress means for the United States." [More information here.](#)

On Tuesday at 12:00 p.m., the Hudson Institute will hold a virtual discussion titled "Divestment from China's High-Tech Industry to Protect U.S. National Interests." [More information here.](#)

On Wednesday at 8:00 a.m., the Atlantic Council will hold a virtual event titled "The Japan-Africa dialogue, a follow-up for the eighth Tokyo International Conference on African Development." [More information here.](#)

On Thursday at 1:30 p.m., the Center for Strategic and International Studies will hold a virtual conference titled "North Korean Human Rights at a New Juncture: COVID, Regional Players, and South Korea-U.S. Cooperation." [More information here.](#) Expected participants include:

- Rep. Chris Smith (R-NJ)

Healthcare

Today, the Medicare Payment Advisory Commission will continue a virtual meeting. [More information here.](#)

On Tuesday at 1:00 p.m., the US Chamber of Commerce will hold a virtual discussion titled "Health Forward: The Future of Health." [More information here.](#)

On Thursday at 12:00 p.m., the Alliance for Health Policy will hold a virtual event titled "Better Health through Data: Opportunities and Limitations of Health Data." [More information here.](#)

Judicial

On Wednesday at 12:00 p.m., the Federalist Society for Law and Public Policy Studies will hold a virtual discussion titled "2022 Supreme Court Preview." [More information here.](#)

Political

On Tuesday at 1:00 p.m., the Brookings Institution will hold a virtual discussion titled "The 2022 American Family Survey: Views on inflation, abortion, teaching in public schools, marriage and family life, and more." [More information here.](#)

Social Security

On Thursday at 4:00 p.m., the American Enterprise Institute for Public Policy Research will hold a discussion titled "Administering Social Security." [More information here.](#)

Tax Policy

On Monday at 3:00 p.m., the American Enterprise Institute for Public Policy Research will hold a virtual discussion titled "Revisiting the Tax Treatment of Pass-Through Businesses." [More information here.](#)

Tech-Media-Telecom

On Monday at 11:00 a.m., the Atlantic Council will hold a virtual discussion titled "The Data Divide: How emerging technology and its stakeholders can influence the fourth industrial revolution." [More information here.](#)

On Monday at 11:30 a.m., Washington Post Live will hold a virtual discussion titled "Private Space Travel." [More information here.](#)

On Monday at 2:30 p.m., the Atlantic Council will hold a discussion titled "Secure supply chains and the race for advanced technologies: How can the United States succeed against China and Russia?" [More information here.](#) Expected participants include:

- Rep. Michael McCaul (R-TX)

On Wednesday at 11:00 a.m., the Washington Space Business Roundtable will hold a virtual discussion on the future space workforce. [More information here.](#)

On Thursday at 10:00 a.m., the Hudson Institute will hold a virtual discussion titled "How (Not) to Regulate Technology." [More information here.](#)

On Thursday at 2:00 p.m., the Brookings Institution will hold a virtual discussion titled "Artificial Intelligence and Upskilling." [More information here.](#)

Trade

Today through Wednesday, the Washington International Trade Association will hold its virtual 2020 Intensive Trade Seminar. [More information here.](#)

Afterthoughts

If Everyone Else Ate NyQuil Chicken, Would You?: The Food and Drug Administration

(FDA) probably never expected to have to tell people not to follow a recent TikTok trend. Though, luckily, it seems few have actually eaten any drug-doused chicken, some TikTok users have taken to participating in the “challenge” of preparing “sleepy chicken”: cooking chicken breasts marinated in none other than NyQuil. Unluckily, cooking with NyQuil is still a health risk. Heating the sleep inducing cold medicine could cause the chef to inadvertently ingest too high a dose. As the FDA [put it](#): “silly and unappetizing.”

Lizzo Lives History: In a concert this week in Washington, DC, Lizzo was able to borrow a musical accessory from the Library of Congress. On stage, the pop star and renowned flute player [performed](#) with former President James Madison’s 200-year-old flute. As she would say, [it’s about damn time](#) the flute gets used.



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