

January 18, 2024

## Today's Driving Events

- **Senate Believes Border Deal is in Sight:** The leaders of both the House and Senate met yesterday with President Biden to discuss funding for Ukraine, the border, and the larger supplemental funding package. The lawmakers indicated negotiations over border policy are close to final, suggesting a vote in the upper chamber could come as soon as next week.
- **Officials Love Chips Industry But Still Seek Restrictions:** The semiconductor industry remains one of the most popular in Washington. However, lawmakers continue to press for further scrutiny, given its national security importance.
- **The Kids Aren't Alright:** The Federal Trade Commission has proposed updating its children's privacy rule to tighten requirements for businesses while children's online safety and privacy is a major topic of state legislative sessions this year.

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**White House Meeting Lights a Fire Under Border Negotiations:** President Biden met yesterday with the bipartisan leaders of both chambers of Congress including Senate Majority Leader Chuck Schumer (D-NY), Senate Minority Leader Mitch McConnell (R-KY), House Speaker Mike Johnson (R-LA), and House Minority Leader Hakeem Jeffries (D-NY), to discuss the president's request for a \$110 billion supplemental funding package. **The talks between the White House and congressional leaders reportedly focused on Ukraine's need for additional funding – the meeting did not include the senators working with the White House on border policy – but Biden's decision to call the meeting suggests a deal with the Senate negotiators may not be far off.** Both Senators Schumer and McConnell expressed optimism about the prospects for the supplemental coming out of the meeting. Schumer [told](#) reporters Biden wants to do something meaningful at the border and said, "For the first time, I'm optimistic" when asked about reaching a deal. McConnell went a step further, [calling](#) for action on the supplemental. **Earlier in the day, McConnell [noted](#) he expects the Senate to begin consideration of the bill next week.** Lead negotiators Senators James Lankford (R-OK) and Chris

Murphy (D-CT) were more [cautious](#) in setting expectations, but acknowledged the remaining differences between the two sides are small. **While the Senate negotiators and the White House have agreed to or are near agreement on provisions that would raise the barrier for asylum screenings and speed expulsions, they remain apart on reforms to the president's parole authority.** The White House has used the long-standing humanitarian tool to bring up to 30,000 Cubans, Haitians, Nicaraguans and Venezuelans into the country per month to lower pressure at the border. According to [Politico](#), the White House and Senate negotiators are working on language to modify the authority in a way that would both satisfy Republican demands for a cap while preserving the Biden administration's current programs. **Yesterday's meeting and commentary from Senate leadership indicate a deal between the White House and Senate negotiators is more likely than not, but vocal criticism from House GOP leadership indicates the White House may be negotiating with the wrong chamber.** House Republicans passed their own immigration bill, known as HR 2, last summer, which the House Freedom Caucus (HFC) and other conservative members argue is the only immigration bill Congress and the White House should consider. Speaker Johnson has aligned himself with those calling for an HR 2-like bill, and more notably, [told](#) reporters yesterday, "I don't think now is the time for comprehensive immigration reform." Following the meeting with Biden, Johnson [said](#) policy change at the border is the priority. **Whether Johnson's demand for HR 2 is political posturing or a red line remains to be seen, but any bill similar to HR 2 would be dead on arrival at the White House.** HR 2 as written would severely curtail the ability of any individual to request asylum, reduce presidential parole authority to a case-by-case basis, and resume Trump administration policies such as "remain in Mexico." The White House's 2023 veto [threat](#) says "H.R. 2 does nothing to address the root causes of migration, reduces humanitarian protections, and restricts lawful pathways, which are critical alternatives to unlawful entry." **Given the White House's known opposition to HR 2, GOP Senate negotiators and leadership are [telling](#) Johnson and his colleagues that now is their only opportunity for immigration reform. The argument is not flying with the HFC and other conservatives though.** "I anticipate telling McConnell to pound sand," [said](#) HFC Policy Chair Chip Roy (R-TX) in response to news the Senate plans to consider a border deal soon. **Johnson does not have the political capital to push the Senate deal through the House without changes due to his acceptance of a bipartisan deal on FY24 government funding.** Any border deal that has a chance of becoming law will be modified by the House GOP. Johnson previewed potential demands in a [letter](#) to Biden that called for an extension of the border wall, the expansion of expedited removal, the reinstatement of the Trump administration's "remain in Mexico" policy, limits on the use of parole, and an end to the release of migrants into the interior. **Whether Johnson is able to adjust the bill to include provisions generally acceptable to conservatives in the House and to the White House will likely determine the eventual fate of the broader supplemental package.**

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**Biden's Give and Take on CHIPS:** Whether President Biden is focused enough on "Bidenomics" in his reelection campaign can be debated, but regardless of the emphasis on the campaign trail, implementation continues for these programs elsewhere in his administration. Notably, on the CHIPS program, the Commerce Department [announced](#) that a **Synopsys (SNPS)** executive, Deirdre Hanford, would lead the National Center for the Advancement of Semiconductor Technology (Natcast). Commerce Secretary Gina Raimondo described the organization as the "centerpiece" in the CHIPS program's work coordinating R&D efforts between public and private sectors. Details of Natcast's exact goals have yet to be released. The program has [drawn comparison](#) to the 1980s Sematech program that was developed to speed up semiconductor R&D, which was wound down after some initial success before being eventually absorbed by SUNY Polytechnic Institute in 2015. **Hanford's appointment continues the string of business executives positioned as leaders in the CHIPS program and reflects Raimondo's willingness to lean on this community.** This approach has come [under fire from progressives](#) who view it as promoting the revolving door between government and private sector positions. Natcast's role will be more fully fleshed out over the year as the CHIPS program's R&D aspects take shape. What remains most watched in this program is when the first large awards for next-generation semiconductor facilities will be announced. So far, preliminary agreements have been reached with **BAE Systems (LSE: BA)** and **Microchip (MCHP)**. **Officials have yet to offer a specific timeline for when these awards may be released but have said they should be expected in the coming months.** Further smaller awards may be announced in the interim, but the vast majority of the funding is expected to be put toward these leading-edge facilities. **While the industry remains one of Washington's favorites and could win future benefits from that widespread support, the emphasis on protecting access to advanced semiconductors remains an important national security goal.** For the White House, this could mean additional export controls that expand on the regulations imposed last fall. These future rules could address issues such as [RISC-V](#) and other open-source software, [semiconductor packaging](#), [legacy chips](#), or the ability to access the chips' computing power through [cloud service providers](#). Additionally, officials are likely to increase pressure on these companies to minimize operations in China. This has started to some extent with the restrictions in the CHIPS funding guardrails, but it could be an issue that ramps up in the coming months. **The [Financial Times](#) reported that the House Select Committee on the Chinese Communist Party has invited chief executives from Intel (INTC), Nvidia (NVDA), and Micron (MU) to testify at a future hearing.** Committee members will likely use this as an opportunity to look for additional ways to support the domestic growth of the industry as well as press the executives on their continued operations in China. Many of the lawmakers on the committee are more hawkish, so they will see plants in China first through a national security lens and focus on the risk that this creates. Additional topics will likely be these chipmakers' [lobbying efforts](#) around last fall's export controls and the challenges Micron has experienced operating in China after [having restrictions](#) imposed on it last year. The hearing has yet to be officially announced, but it will

likely be set to occur during prime time like many of the committee's past hearings.

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**FTC Strengthens Children's Privacy Rule:** The Federal Trade Commission (FTC) will hold an open meeting today and on the agenda is an [overview](#) from the Division of Privacy and Identity Protection's staff of the agency's proposed changes to its Children's Online Privacy Protection Act (COPPA) Rule. The FTC has [proposed](#) strengthening the rule to require parental opt-in for targeted advertising, prohibit collecting more of children's personal information than necessary for services, and limit use of children's data to encourage greater time spent online (often called "nudging"). The update would also narrow the exemption for data collection for internal operations and codify guidance on edtech, among other provisions. The FTC is collecting public comments until March 11th. **The proposed update to the COPPA Rule is the FTC's biggest move on privacy since announcing a rulemaking on "commercial surveillance" in 2022.** The agency is not alone in seeking to boost protections for children on the internet. Members of Congress have also proposed children's online privacy and safety legislation. The Senate Commerce Committee has passed the Children and Teens' Online Privacy Protection Act (which would expand COPPA's protections) and the Kids Online Safety Act but neither have made it to the Senate floor. **Passage of federal legislation in this area is unlikely despite bipartisan interest in doing something.** Getting down to brass tacks beyond platitudes and working out an agreement acceptable to enough lawmakers under divided government is challenging. So is finding Senate floor time, meaning that the most realistic path to passage would be as an amendment to broader must-pass legislation. **In the absence of federal legislation, lawmakers in red and blue states alike are increasingly considering bills to protect children online. Most state governments are fully controlled by one party or the other, facilitating quick passage of ambitious legislation.** As state legislative sessions begin this month, legislators in states including Minnesota, Maryland, and New Mexico [are reportedly considering](#) measures to minimize the risk of harm to children online. In Florida, Republicans have introduced bills to ban children under 16 years old from making accounts on social media platforms and mandate that adult websites prevent underage users from visiting their sites. In California, a lawmaker has proposed legislation to ban AI-generated child sexual abuse material. **Previous legislative efforts to strengthen children's online safety have run into legal issues.** Tech industry group NetChoice has had success thus far in lawsuits challenging an [Arkansas](#) law requiring social media age verification and the Age-Appropriate Design Code Act in [California](#). Earlier this month, NetChoice [filed a lawsuit](#) challenging a new Ohio law that would require parental consent for kids younger than 16 to join social media platforms.

## House

The House will reconvene at 12:00 p.m. and is expected to consider two resolutions that

would recommend that the House find Hunter Biden in contempt of Congress. It is also expected to consider a bill that would require colleges and universities to disseminate information on the rights of, and accommodations and resources for, students who carry a pregnancy to term instead of seeking an abortion. The House may also consider a continuing resolution to fund the government beyond the current January 19th and February 2nd deadlines once it is passed by the Senate.

## **Senate**

The Senate will reconvene at 11:00 a.m. and will resume consideration of a continuing resolution (CR) to fund the government beyond the current January 19th and February 2nd deadlines. At 12:30 p.m., the chamber will vote on three amendments that are not expected to pass before voting on final passage of the CR.

## **White House**

President Biden will receive his daily intelligence briefing at 10:00 a.m. At 11:40 a.m., the president will depart the White House en route to Raleigh, NC, where he is scheduled to arrive at 1:00 p.m. At 2:15 p.m., Biden will deliver remarks on “Bidenomics” and the “Investing in America” agenda. At 5:25 p.m., the president will depart North Carolina en route to Washington, DC, where he will arrive back at the White House at 6:35 p.m.

## **Macroeconomic**

At 7:30 a.m., Atlanta Federal Reserve Bank President Raphael Bostic will give brief remarks on the economic outlook before the Metro Atlanta Chamber board of directors meeting.

At 10:00 a.m., the House Budget Committee will hold a markup of the Fiscal Commission Act, the Fiscal State of the Nation Act, and the Debt-to-GDP Transparency and Stabilization Act.

At 12:05 p.m., Atlanta Federal Reserve Bank President Raphael Bostic will speak on the 2024 economic outlook before the Atlanta Business Chronicle 2024 Economic Outlook lunch.

## **Antitrust and Consumer Protection**

At 11:00 a.m., the Federal Trade Commission will hold an open meeting. [More information here.](#)

At 1:00 p.m., the American Action Forum will hold a discussion titled "Assessing Today's FTC." [More information here.](#)

## Defense

At 10:00 a.m., the Center for Strategic and International Studies will hold a discussion on "the administration's arms control agenda, including updates on US-Russia and US-China engagement." [More information here.](#) Expected participants include:

- Pranay Vaddi, senior director for arms control, disarmament, and nonproliferation, National Security Council

## Education

At 10:15 a.m., the House Education and the Workforce Committee Subcommittee on Early Childhood, Elementary, and Secondary Education will hold a hearing titled "Preparing Students for Success in the Skills-Based Economy."

## Energy, Environment, and Natural Resources

At 10:00 a.m., the Federal Energy Regulatory Commission will hold an open meeting. [More information here.](#)

At 10:00 a.m., the House Energy and Commerce Committee Subcommittee on Energy, Climate, and Grid Security will hold a hearing titled "Fueling America's Economy: Legislation to Improve Safety and Expand US Pipeline Infrastructure."

At 2:00 p.m., the House Oversight and Accountability Committee Subcommittee on Economic Growth, Energy Policy, and Regulatory Affairs will hold a hearing titled "The Next Generation: Empowering American Nuclear Energy." Expected participants include:

- Kathryn Huff, assistant secretary for the Office of Nuclear Energy, Department of Energy
- Daniel Dorman, executive director for operations, Nuclear Regulatory Commission
- David Ortiz, director for the Office of Electric Reliability, Federal Energy Regulatory Commission

At 3:00 p.m., the Environmental and Energy Study Institute will hold a briefing titled "Unpacking the Fifth National Climate Assessment." [More information here.](#)

## Financial Services

At 10:00 a.m., the House Financial Services Committee Subcommittee on Oversight and Investigations will hold a hearing titled “Oversight of the SEC’s Proposed Climate Disclosure Rule: A Future of Legal Hurdles.” [More information here.](#)

On Thursday at 10:00 a.m., the House Small Business Committee will hold a hearing titled “Unleashing Main Street’s Potential: Examining Avenues to Capital Access.”

## Geopolitical

At 10:00 a.m., the Senate Banking, Housing, and Urban Affairs Committee will hold a hearing titled “National Security Challenges: Outpacing China in Emerging Technology.” [More information here.](#)

At 1:00 p.m., the Wilson Center’s Mexico Institute will hold a virtual discussion titled “Mexico’s Election: Issues and Polls.” [More information here.](#)

At 2:00 p.m., the House Foreign Affairs Committee Subcommittee on Western Hemisphere will hold a hearing titled “The Myth of the New Cuban Entrepreneurs: An Analysis of the Biden Administration’s Cuban Policy.” Expected participants include:

- Eric Jacobstein, deputy assistant secretary for Western Hemisphere, State Department
- Enrique Roig, deputy assistant secretary for democracy, human rights, and labor, State Department

## Healthcare

At 10:00 a.m., the Senate Health, Education, Labor, and Pensions Committee will hold a hearing titled “Addressing Long COVID: Advancing Research and Improving Patient Care.”

At 12:30 p.m., the American Enterprise Institute for Public Policy Research will hold a discussion titled “Intellectual Property and Biopharmaceuticals: Implications of Changes in U.S. Protections for Clinical Data and Technology.” [More information here.](#)

At 2:30 p.m., the Center for American Progress will hold a virtual discussion titled “Building a Comprehensive State Child Care Agenda,” focusing on early learning programs. [More information here.](#)

## Housing



At 9:00 a.m., the National Fair Housing Alliance will hold a Responsible AI Symposium. [More information here](#). Expected participants include:

- Sandra Thompson, director, Federal Housing Finance Agency

## Immigration

At 9:30 a.m., the House Homeland Security Committee will hold a hearing titled “Voices for the Victims: The Heartbreaking Reality of the Mayorkas Border Crisis.”

## Labor

At 10:30 a.m., the House Energy and Commerce Committee Subcommittee on Innovation, Data, and Commerce will hold a hearing titled “NIL (name, image, likeness) Playbook: Proposal to Protect Student Athletes’ Dealmaking Rights.” Expected participants include:

- Charlie Baker, president, National Collegiate Athletic Association

## Judicial

At 10:00 a.m., the Senate Judiciary Committee will hold a markup to vote on judicial nominations.

## Political

At 8:00 a.m., the US Conference of Mayors will begin its 92nd Winter Meeting. [More information here](#).

At 1:00 p.m., Washington Post Live will hold a virtual discussion on “the record surge of migrants, border security, and a possible government shutdown.” [More information here](#). Expected participants include:

- Rep. Henry Cuellar (D-TX)

At 2:00 p.m., the Brookings Institution will hold a virtual discussion titled “Key takeaways from the 2024 Iowa Caucuses.” [More information here](#).

## Tech-Media-Telecom

At 10:00 a.m., the RAND Corporation will hold a conference titled “Harnessing Quantum Technology for the Benefit of Society: How the U.S. and Japan are Moving Quantum Science Research from the Lab to Everyday Life.” [More information here](#).



At 1:00 p.m., the American Bar Association’s (ABA) Section of Science and Technology Law and the ABA’s Cybersecurity Legal Task Force will hold a virtual discussion titled “Open-Source Software Security: Areas of Long-Term Focus and Prioritization.” [More information here](#). Expected participants include:

- Jack Cable, senior technical adviser, Cybersecurity and Infrastructure Security Agency

## Transportation

At 10:00 a.m., the House Transportation and Infrastructure Committee Subcommittee on Railroads, Pipelines, and Hazardous Materials will hold a hearing titled “Railroad Grade Crossing Improvements.” Expected participants include:

- Amit Bose, administrator, Federal Railroad Administration
- Jennifer Homendy, chair, National Transportation Safety Board
- Ian Jefferies, president and CEO, Association of American Railroads



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