

Washington Update

June 7, 2024

This Week In Washington

Senate – The Senate confirmed several nominations and voted not to debate the Right to Contraception Act ([S.4381](#)).

House – The House passed the Military Construction, Veterans Affairs, and Related Agencies Appropriations Act, 2025 ([H.R.8580](#)) and the Illegitimate Court Counteraction Act ([H.R. 8282](#))

Biden Administration – On June 4, President Biden signed an [executive order](#) that bars migrants who cross the border illegally from receiving asylum. The executive order also adds critical border and immigration personnel, invests in technology to detect illegal fentanyl, reforms the asylum system, and provides the President emergency authority to shut the border down when the system is overwhelmed.

Next Week In Washington

Senate – The Senate will reconvene on Tuesday, June 11, and is expected to continue processing nominees, including three nominees to serve on the Federal Energy Regulatory Commission (FERC).

House – The House will reconvene on Tuesday, June 11, and may consider the Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025 ([H.R. 8070](#)).

TAX

House Ways and Means Tax Teams Moving Forward with Internal Meetings and Soliciting Input from Stakeholders

Key Points:

- *The House Ways and Means Tax Teams have started having internal meetings.*
- *Some, such as the Supply Chain tax team, have solicited input from stakeholders to inform future negotiations related to the scheduled expiration of many TCJA provisions.*

The House Ways and Means tax teams have begun to organize and meet internally. They are working on determining when field listening sessions might be scheduled. One team, the Supply Chain Tax Team, has formally requested comments on various tax credits under consideration in anticipation of the possible expiration of the Tax Cuts and Jobs Act ([P.L. 115-97](#)) in 2025.

The House Ways and Means tax teams were formed by Chairman Jason Smith (R-MO) in late April to “study key tax provisions from the 2017 Trump tax cuts that are set to expire in 2025 and identify legislative solutions that will continue to help families, workers, and small businesses struggling in the Biden economy,” according to a [press release](#). Notably, the teams are solely composed of House Ways and Means Republicans.

The Supply Chains Tax Team has sought input from stakeholders on supply chain-related provisions within the tax code. Specifically, it seeks to gather insight into which credits are being utilized effectively to inform future tax-related negotiations. The form can be filled out on Tax Team Chairwoman Miller’s (R-WV) [website](#) or can be sent via email to SupplyChainsTaxTeam@mail.house.gov.

IRS Announces Permanent Direct File Option Amid Criticism from House Ways and Means Chairman Jason Smith

Key Points:

- *The IRS has announced that it will make its Direct File online filing system a permanent option for federal tax returns in 2025.*
- *The announcement has faced pushback from House Ways and Means Chairman Jason Smith (R-MO).*

On May 31, the Internal Revenue Service (IRS) [announced](#) that it would make its Direct File online system a permanent option for filing federal tax returns starting in the 2025 filing

season. The system, which launched as a pilot program in 2024, will now be available to all states and will apply to more tax situations. According to their website, the ISR intends to explore additional ways to “gradually expand the scope of Direct File to support most common tax situations, focusing on tax situations that impact working families.”

Following the announcement, House Ways and Means Chairman Jason Smith (R-MO) roundly criticized the action. Within a [press release](#), Chairman Jason Smith stated that “Congress did not authorize the IRS to create a Direct File program” and that U.S. citizens “neither want nor asked for it.” In turn, he stated that the IRS was only authorized for a study but expanded that power to implement the Direct File pilot program. In addition, Chairman Jason Smith notes that the IRS has failed to provide cost estimates for the program nor any documentation on the cost of the program to taxpayers. The release further asserts that the IRS “has proven itself time and time again to be a poor steward of taxpayer information” and that the attempt to “circumvent Congress and establish a new tax program only serves to further undermine the fraying trust between the agency and the public.”

Upcoming Hearings and Meetings

June 13

Campus Antisemitism: On Thursday, the House Ways and Means Committee will hold a hearing entitled, “The Crisis on Campus: Antisemitism, Radical Faculty, and the Failure of University Leadership.” The hearing will be held in 1100 Longworth House Office Building at 10:00 a.m., and [webcast](#) as well.

For more information about tax issues, you may [email](#) or call Christopher Hatcher at 202-659-8201. Noah Hawkins contributed to this section.

FINANCIAL SERVICES

Senate Budget Committee Holds Hearing on Climate Insurance Markets

Key Point:

- *Several Democratic Members highlighted the impact of extreme weather events and climate change on the increased costs within the insurance market, with some Republicans expressing doubts about the impact of climate change on insurance rates.*

On June 5, the Senate Budget Committee held a [hearing](#) entitled “Riskier Business: How Climate is Already Challenging Insurance Markets.”

Chairman Sheldon Whitehouse (D-RI) shared data from the National Oceanic and Atmospheric Administration (NOAA), which predicted an 85 percent chance of an above-normal 2024 hurricane season with 17 to 25 named storms. He expressed concern about how more than a dozen insurance companies, including national insurers like Farmers, left the Florida residential market from 2022 to 2023. He noted last year, the U.S. experienced 28 separate billion-dollar extreme weather events, and over the past decade, 28 states have been hit by such events more than twice a year. He observed as defaults increase, so will premiums. He compared the scale of the exposure, the severity of the warnings, the role of underinsurance, and unreliable ratings from rating agencies to the conditions before the 2008 mortgage crisis.

Ranking Member Chuck Grassley (R-IA) expressed concerns about how the federal debt is set to surpass defense spending this year. He identified unchecked spending as the driver of increased inflation and insurance rates. He stated climate claims are not the primary driver of insurance rate hikes. He observed insurance companies and reinsurers are dealing with increased inflation due to increased costs of goods and services needed to deal with climate disasters. He said inflation has become embedded in the economy, and a historic level of borrowing by the federal government is crowding out the private sector.

House Appropriations Committee’s Financial Services and General Government Subcommittee Holds Markup of Fiscal Year 2025 FSGG Bill

Key Points:

- *Members held strong, varied opinions on the validity of benefit of the proposed bill.*
- *The bill was reported favorably via voice vote.*

On June 5, the House Appropriations Financial Services and General Government Subcommittee held a [markup](#) of [H.R. ___](#), the Fiscal Year 2025 Financial Services and General Government (FSGG) bill.

The FSGG bill funds the Treasury Department, Securities and Exchange Commission (SEC), and other agencies such as the Federal Trade Commission and Federal Communications Commission. Among other things, the bill would reduce the budget of the SEC to about \$2 billion, which is \$144 million below the FY24 enacted level.

The bill also includes numerous policy riders, many of which are not bipartisan, related to the SEC, such as: prohibiting the implementation of the final rulemaking that requires companies to disclose climate-related risks; prohibiting the SEC's proposed rulemaking on open-end fund liquidity risk management programs and swing pricing; and prohibiting the SEC from finalizing several equity market structure proposals.

Subcommittee Chair Dave Joyce (R-OH) explained that he has worked to ensure the bill provides the necessary resources to protect the integrity of the financial and judicial systems. He said the bill prevents the Internal Revenue Service (IRS) from unfairly targeting hardworking Americans and noted that the bill rejects \$5 billion in discretionary budget increases from the President's budget. He added that the IRS has \$40 billion in available resources from the Inflation Reduction Act (IRA). He emphasized that the bill also works to combat fentanyl and other drug overdoses, rolls back the environmental, social, and governance agenda by prohibiting funding for the Securities and Exchange Commission's (SEC) climate disclosure rule, and brings the Consumer Financial Protection Bureau (CFPB) under the appropriations process, where it belongs.

Subcommittee Ranking Member Steny Hoyer (D-MD) stated that cutting the current funding for the FSGG bill by 11 percent as compared to funding for the fiscal year 2024 enacted bill is harmful and belies the importance of the agencies from which the Committee appropriates money. He said the U.S. needs to meet President Biden's request for the IRS funding and urged the Subcommittee to work to pass bills in a bipartisan fashion.

Chairman Tom Cole (R-OK) explained that the bill reduces spending compared to the previous fiscal year and noted that it provides sensible cuts to federal, financial, and consumer protection agencies. He said the bill brings the CFPB into the appropriations and oversight process where it belongs. He stated that the bill prevents President Biden from imposing a "radical progressive agenda" on the American people and prohibits non-citizens from voting.

Ranking Member Rosa DeLauro (D-CT) said the funding level and policy riders in this bill are unacceptable. She stated that the bill cuts funding to critical agencies by \$2.6 billion. She explained that the agencies funded in this bill are critical to lowering costs and protecting Americans and warned that the legislation will raise the cost of living which is the most pressing issue facing the country. She said the bill includes 80 problematic riders that limit abortion and block the implementation of the SEC's climate disclosure rule.

The Appropriations Committee plans to markup the FSGG bill on June 13.

CFPB Launches Process to Recognize Open Banking Standards

Key Point:

- *The CFPB Rule would recognize financial industry standard setters that comply with five key attributes to ensure compliance with CFPB's Personal Financial Data Rights Rule.*

On June 5, the Consumer Financial Protection Bureau (CFPB) finalized a [rule](#) presenting the requirements necessary to become an industry standard setting body. The rule recognizes standard setters for a maximum of five years and the entity would have to reapply for re-recognition.

CFPB Director commended the rule, [saying](#):

"Industry standards can be weaponized by dominant firms in order to maintain their market position, undermining competition for all...Today's rule will prevent these firms from rigging standards in their favor by identifying attributes the CFPB will use to recognize standard setters."

House Financial Services Committee Holds Hearing of Tokenization of Real-World Assets

Key Point:

- *Many Republican Members agreed on benefits tokenization brings to the financial sector by bringing illiquid assets to blockchains.*

On June 5, the House Financial Services Digital Assets, Financial Technology, and Inclusion Subcommittee held a [hearing](#) entitled "Next Generation Infrastructure: How Tokenization of Real-World Assets Will Facilitate Efficient Markets." The hearing facilitated discussion of two bills:

- [H.R. _____](#), To require the Commodity Futures Trading Commission and the Securities and Exchange Commission to conduct a study to assess whether additional guidance or rules are necessary to facilitate the development of tokenized securities and derivatives products, and for other purposes.
- [H.R. 8464](#), the "Tokenization Report Act of 2024"

Chairman French Hill (R-AR) discussed the Committee's bipartisan support to repeal Staff Accounting Bulletin 121 ([SAB 121](#)) to allow regulated financial institutions to custody digital assets. He discussed how tokenization leverages efficiency and transparency of blockchains to facilitate the modernization of U.S. markets and help automate critical processes within financial institutions such as streamlining settlements and lowering costs to benefit

consumers. Hill urged regulators to welcome innovation instead of hindering the modernization of markets. He expressed interest in the progress of U.S. markets compared to the markets of overseas competitors.

Ranking Member Stephen Lynch (D-MA) cited a report by the Financial Stability Oversight Council (FSOC) which stated the overall impact and value of tokenization is limited but continues to expand. He highlighted a report by Boston Consulting Group (BCG) stating tokenization could reach up to \$16 trillion. Lynch emphasized the importance of exploring the risks, benefits, and regulation considerations of tokenization to ensure there is no risk to consumer protection or privacy. He expressed concern of limiting potential tokenization benefit through the Financial Innovation and Technology for the 21st Century (FIT 21) Act ([H.R.4763](#)). Lynch emphasized the need to keep crypto and tokenization separate and to consider the various risks and legal considerations around ownership and transfer of token investor protection.

Ranking Member Waters, Senator Warren, and 36 Lawmakers Urge SEC to Remain Focused on Climate Risk Disclosure

Key Point:

- *Nine additional Senators and 27 additional Representatives sign the letter, which urges the SEC to ensure robust enforcement of existing climate disclosure guidance in the wake of the stay of the final climate disclosure rule .*

On June 4, Representative Maxine Waters (D-CA) and Senator Elizabeth Warren (D-MA) sent a [letter](#) to Securities and Exchange Commission (SEC) Chair Gary Gensler urging the SEC to commit to enforcing its existing climate disclosure guidance as the final climate risk disclosure rule is stayed. Lawmakers provided three steps the SEC should take to ensure compliance with the climate rule if the rule is not struck down by the courts: (1) “promptly share guidance once the rule is upheld on how to assess ‘materiality’”; “recognize alternative reporting regimes... to satisfy compliance with the final rule”; and “committee sufficient staff and resources to the implementation and enforcement of this rule.”

U.S. Department of Treasury Releases RFI of AI in Financial Services

Key Points

- *U.S. Department of Treasury seeks public comment of AI opportunities and risks in the financial services sector. This RFI builds on the Treasury’s recent exploration into cybersecurity and fraud in financial services through AI.*

- *Secretary Yellen discussed FSOC's Analytic Framework of the potential risks of AI, but highlighted benefits such as predictive capabilities and improved efficiency.*
- *Secretary Yellen stated AI in the financial sector is at the top of the Treasury and FSOC agendas.*

On June 4, the Department of the Treasury released a [request for information](#) (RFI). The request for information seeks to gather more information on the uses, risks, and opportunities of artificial intelligence in the financial sector. The RFI will provide the Treasury with a greater understanding of the broad perspectives of the impact AI on businesses, regulators, investors, consumers, and financial institutions.

Under Secretary for Domestic Finance Nellie Liang commented:

"Treasury is proud to be playing a key role in spurring responsible innovation, especially in relation to AI and financial institutions. Our ongoing stakeholder engagement allows us to improve our understanding of AI in financial services."

On June 6, Department of the Treasury Secretary Janet Yellen gave remarks at the Financial Stability Oversight Council's Conference on Artificial Intelligence and Financial Stability. Secretary Yellen discussed three main aspects throughout her remarks including the opportunities and risks of artificial intelligence (AI), the role of the Treasury in AI innovation in the financial sector, and the need to expand and evolve. She highlighted communication with stakeholders to enhance the department's understanding of AI in the financial sector. Secretary Yellen stated the Treasury Department's continued research into the potential economic impact of AI.

Upcoming Hearings and Meetings

June 12

FDIC, Cleary Gottlieb Report: The House Financial Services Committee is expected to hold a hearing to discuss the Cleary Gottlieb report and its recommendations. The witnesses will include Federal Deposit Insurance Corporation (FDIC) Director Jonathan McKernan, Acting Comptroller of the Currency Michael Hsu, and Joon Kim and Abena Mainoo of Cleary Gottlieb Steen & Hamilton.

CFPB: The Senate Banking Committee will hold a hearing on "The Consumer Financial Protection Bureau's Semi-Annual Report to Congress," with CFPB Director Rohit Chopra testifying.

ESG Investing: The House Judiciary Committee's Subcommittee on the Administrative State, Regulatory Reform, and Antitrust will hold a [hearing](#), "Climate Control: Decarbonization Collusion in Environmental, Social, and Governance (ESG) Investing." Witnesses testifying at the hearing include: Mindy Lubber, CEO and President of Ceres; Dan Bienvenue, Interim Chief Investment Officer, CalPERS; and Natasha Lamb, Managing Partner and Chief Investment Officer, Arjuna Capital.

June 13

CFPB: The House Financial Services Committee will hold a hearing on "The Semi-Annual Report of the Bureau of Consumer Financial Protection," with CFPB Director Rohit Chopra testifying.

SEC and CFTC Budgets: The Senate Appropriations Committee's Subcommittee on Financial Services and General Government will hold a hearing on the Fiscal Year 2025 proposed budgets for the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC).

FSGG Appropriations: The House Appropriations Committee will meet to markup the Fiscal Year 2025 Financial Services and General Government (FSGG), Defense, and Legislative Branch appropriations bills.

June 20

FHLBank and CDFI Symposium: The Federal Housing Finance Agency (FHFA) will host a Federal Home Loan Bank (FHLBank) and Community Development Financial Institution (CDFI) [Symposium](#). Representatives from the FHLBanks and CDFIs will discuss several topics, including (1) "FHLBank membership and programs;" (2) "appropriately measuring risk in CDFI lending;" and (3) "innovative FHLBank and CDFI products and partnerships."

For more information about financial services issues you may email [Joel Oswald](#) or [Mahlet Makonnen](#). Ashley Kinder contributed to this section.

ENERGY & ENVIRONMENT

The Senate Plans Votes on FERC Nominees Next Week

Key Points:

- *The Senate is poised to vote to confirm three nominees to the Federal Energy Regulatory Commission.*
- *The first vote, to invoke cloture and limit debate, is scheduled for 5:30 p.m. next Tuesday.*
- *The Senate Energy and Natural Resources Committee voted on a bipartisan basis to advance the three nominees last Tuesday.*
- *Confirmation of the three nominees would restore the Commission to its complete roster of five members.*

On Wednesday, Senate Majority Leader Charles Schumer (D-NY) filed cloture motions to limit debate on the three nominees for the Federal Energy Regulatory Commission: David Rosner, for a term expiring June 30, 2027; Lindsay S. See, for a term expiring June 30, 2028; and Judy W. Chang, for a term expiring June 30, 2029. The Senate is scheduled to vote to invoke cloture on the Rosner nomination at 5:30 p.m. on June 11. The chamber is expected to vote on all three nominees before the end of next week.

Confirmation of the three will restore FERC to its full complement of five commissioners. There are currently two vacancies. On Wednesday, Commissioner Allison Clements announced on [Twitter](#): “As my term is ending, I intend for the June open meeting to be my last.” Without Senate confirmation of at least one of the pending nominees, Clements’ departure would deprive the Commission of its quorum to conduct most business.

On Tuesday, the Senate Energy and Natural Resources Committee held a [business meeting](#) to consider the three FERC nominations. The Committee voted to favorably report the nominees to the Senate:

- David Rosner, by a vote of 16-3;
- Lindsay See, by a vote of 16-3; and
- Judy Chang, by a vote of 15-4.

House Hearing Focuses on Electricity Demand from AI and Data Centers

Key Point:

- *On Tuesday, the House Energy, Climate, and Grid Security Subcommittee held a hearing on artificial intelligence and growing demands on the electric grid.*

On June 4, the House Energy and Commerce Committee's Subcommittee on Energy, Climate, and Grid Security held a [hearing](#) entitled "Powering AI: Examining America's Energy and Technology Future". The hearing focused on electricity demand growth, including from artificial intelligence (AI) and data centers. Republican Members also raised concerns regarding the retirement of fossil fuel generation, and whether remaining and new grid resources can meet growing demand for power.

In his [opening statement](#), Subcommittee Chairman Jeff Duncan (R-SC) declared that datacenters and artificial intelligence (AI) give the U.S. an edge over its adversaries. He noted for decades U.S. electricity demand remained flat but today it is growing at a scale and pace many utilities have never seen before. He stated the demand could continue to grow by 20 percent because of the surge in datacenters. He emphasized many enterprises run at 90 percent of full potential so datacenters need constant power and cannot rely on intermittent resources. He said grid experts have warned of threats to reliability as demand grows with the premature retirement of resources such as coal. Duncan cited a warning from PJM, a regional transmission organization, that 30 percent of its generation could retire by 2030 even though consumption is expected to increase 40 percent by 2039. He emphasized the U.S. must meet the ongoing needs of energy and technology by embracing energy expansion. Duncan highlighted the importance of ensuring residential ratepayers are not burdened with higher utility bills as infrastructure is expanded.

Ranking Member Diana DeGette (D-CO), in her opening statement, remarked that after 20 years of stagnation the demand on the electric grid is set to grow again driven by datacenters and increased domestic manufacturing. She highlighted the current need for reforms to more efficiently build power generation and batteries and connect those resources to the grid. She noted the lengthy delays in connecting resources leading regional grids to experience backlogs and forcing a pause in accepting new requests. She cited the progress made by the Federal Energy Regulatory Commission's (FERC) final rule titled "Improvements to Generator Interconnection Procedures and Agreements" ([Order 2023](#)), but added that further reforms are needed. She stated that grid operators must examine more aggressive strategies to address the projected growth in demand.

Upcoming Hearings and Events

June 12

Fish and Wildlife Service: The Senate Environment and Public Works Committee will hold a [hearing](#) titled "The Fish and Wildlife Service's Proposed Fiscal Year 2025 Budget". U.S. Fish and Wildlife Service Director Martha Williams is scheduled to testify.

June 13

California Environmental Regulation of Railroads: The House Science Committee's Oversight and Investigations Subcommittee will hold a [hearing](#) titled "Environmentalism Off the Rails: How CARB will Cripple the National Rail Network". Scheduled witnesses include: Ian Jefferies, President and CEO, Association of American Railroads; and Chuck Baker, President, American Short Line and Regional Railroad Association.

Bureau of Land Management: The Senate Energy and Natural Resources Committee will hold a [hearing](#) "to conduct oversight of the Bureau of Land Management".

June 26

Pipeline Dents and Corrosion: PHMSA will hold a [virtual meeting](#) titled "Fundamental Understanding of Pipeline Material Degradation under Interactive Threats of Dents and Corrosion Debrief Presentation". The meeting will discuss "evaluating interactive threats of external mechanical dents and secondary features, through and integrated lab-scale experimental and numerical framework to characterize and better predict the remaining safe life and operating pressures, while projecting the needs for mitigation measures."

June 27

FERC Open Meeting: The Federal Energy Regulatory Commission (FERC) will hold its monthly [open meeting](#).

September 10-11

Electric Generation Interconnection: FERC will hold a [workshop](#) on "Innovations and Efficiencies in Generator Interconnection". FERC intends for the workshop "provide a public forum for the presentation and discussion of opportunities for further innovation and increased efficiency in the generator interconnection process."

For more information about energy and environment issues you may [email](#) or call Frank Vlossak at 202-659-8201. Noah Hawkins and Ashley Kinder contributed to this report. Updates on energy and environment issues are also available on [X](#).

HEALTH

House Energy and Commerce 340B hearing

Key Points:

- *On June 4, the House Energy and Commerce Subcommittee on Investigations and Oversight held a hearing entitled “Oversight of 340B Drug Pricing Program.”*
- *Topics discussed in the hearing included contract pharmacy requirements, misaligned incentives created by the program, potential reforms for the 340B Program, transparency requirements for covered entities, and how covered entities and patients benefit from the 340B Program.*

On June 4, the House Energy and Commerce Subcommittee on Investigations and Oversight held a [hearing](#) entitled “Oversight of 340B Drug Pricing Program.” Topics discussed in the hearing included contract pharmacy requirements, misaligned incentives created by the program, potential reforms for the 340B Program, transparency requirements for covered entities, and how covered entities and patients benefit from the 340B Program.

Subcommittee Chairman Morgan Griffith (R-VA) and Chairwoman Cathy McMorris Rodgers (R-WA) supported the original Congressional intent of the 340B Program but expressed concerns about the growth of covered entities over the past 20 years. They also discussed how the program is being co-opted by larger, more profitable health care systems that use it solely for financial gain. They advocated for increasing transparency to ensure that patients receive the benefits of the program. Subcommittee Ranking Member Kathy Castor (D-FL) and Ranking Member Frank Pallone (D-NJ) blamed drug manufacturers for the growth of the 340B Program. Ranking Member Pallone criticized the 340B reform legislation recently proposed by Republicans because he stated it would not save taxpayer money or lower patient health care costs.

Representatives Larry Bucshon (R-IN), Diana Harshbarger (R-TN), and Buddy Carter (R-GA) advocated for their bill, the 340B Affording Care for Communities and Ensuring a Strong Safety-Net (ACCESS) Act ([H.R. 8574](#)). The bill would ensure the long-term viability of the program, protect it from potential court challenges, provide definitions for key terms missing in the initial statute, and incorporate transparency requirements.

Biden Administration Expands Access to Mental Health and Substance Use Services

Key Points:

- On June 4, the Department of Health and Human Services (HHS) added 10 new states into the Certified Community Behavioral Health Clinic (CCBHC) Medicaid Demonstration Program.
- The states were added after successfully developing state-level infrastructure and programs that meet CCBHC standards.

On June 4, HHS [added](#) 10 new states into the CCBHC Medicaid Demonstration Program. The states included Alabama, Illinois, Indiana, Iowa, Kansas, Maine, New Hampshire, New Mexico, Rhode Island, and Vermont. The states were added after successfully developing state-level infrastructure and programs that meet CCBHC standards. Through the program states receive sustainable funding to help them expand access to mental health and substance use services.

According to HHS Deputy Secretary Andrea Palm, “Certified Community Behavioral Health Clinics serve anyone who requests care for mental health or substance use conditions. With sustainable funding, CCBHCs in participating states will now be able to connect more people to the care they need. This is another example of our commitment at HHS to transforming behavioral health and ensuring all Americans have access to behavioral health resources.”

Upcoming Hearings and Events

June 12

Residential Treatment: The Senate Finance Committee will hold a [hearing](#) entitled “Youth Residential Treatment Facilities: Examining Failures and Evaluating Solutions.”

Abortion: The Senate Judiciary Subcommittee on Federal Courts, Oversight, Agency Action, and Federal Rights will hold a [hearing](#) entitled, “Crossing the Line: Abortion Bans and Interstate Travel for Care After Dobbs.”

June 13

CMMI: The House Energy and Commerce Subcommittee on Health will hold a [hearing](#) entitled, "Checking-In on CMMI: Assessing the Transition to Value-Based Care."

Medicare and Social Security: The House Budget Committee will hold a [hearing](#) entitled, "Medicare and Social Security: Examining Solvency and Impacts to the Federal Budget."

For more information about health care issues you may [email](#) or call Nicole Ruzinski Bertsch at 202-659-8201. Windsor Warlick and Maddy Suna contributed to this section.

CYBERSECURITY, PRIVACY, AND ARTIFICIAL INTELLIGENCE

House of Representatives Releases Department of Homeland Security (DHS) Fiscal Year 2025 Appropriations Bill

Key Points:

- *The House Appropriations Committee's Subcommittee on Homeland Security reported the Fiscal Year 2025 appropriations bill for DHS which includes increased CISA funding as compared to the Fiscal Year 2024 enacted budget but below President's budget request.*

On June 4, the House Appropriations Committee's Subcommittee on Homeland Security held a [markup](#) and passed the Fiscal Year 2025 [Homeland Security Appropriations Bill](#). The bill includes several cybersecurity provisions, most notably funding for the Cybersecurity and Infrastructure Security Agency (CISA). The bill calls for CISA to receive \$2.9 billion in funding, which represents an increase of \$57.8 million above the FY 2024 enacted level, but \$78.2 million dollars below the FY 2025 request. Both the [Committee Republicans](#) and [Committee Democrats](#) published summaries of the bill and highlight portions of consensus and contention. Committee Democrats also published a [fact sheet](#).

The DHS appropriations bill includes a one percent increase in funding above the FY 2024 agency funding level representing an additional \$800 million. The new budget includes \$61.4 billion in nondefense programs, \$3.4 billion for defense-related activities, \$22.7 billion in additional funding for major disaster response and recovery, and \$6.1 billion for programs offset by fee collections. Committee Democrats criticized the bill saying that it "weakens our national security through inadequate cybersecurity and infrastructure security investments, exposing the U.S. to increased cyberattacks and foreign adversary influence."

Committee Republicans outlined that CISA funding includes \$860.9 million for the operation and improvement of cybersecurity defense technology and services for federal, state, local, tribal, and territorial agency networks and critical infrastructure partners in addition to \$833.8 million for cyber operations, including vulnerability management, capacity building, and threat hunting. The Committee Republicans' summary notes a rider to the bill that would "[prohibit] the government from labeling Americans' constitutionally protected speech as 'misinformation'..."

White House Official Urges Congress to Address Cybersecurity Harmonization

Key Points:

- *Draft legislation authored by Senator Gary Peters (D-MI) would bring stakeholders and independent regulators to the table to study cybersecurity regulation overhauls and jumpstart development of a baseline regulatory framework.*

On Wednesday, the Senate Homeland Security and Governmental Affairs Committee held a [hearing](#) to discuss the current cybersecurity regulatory environment, one that both lawmakers and federal officials agree is in need of a legislative solution. Officials described an overly complicated patchwork of cybersecurity rules that hurts companies' ability to fend off threats. Nicholas Leiserson, the Office of the National Cyber Director's (ONCD) Assistant National Cyber Director for Cyber Policy and Programs, [called](#) for Congressional action. In his testimony, Leiserson said that regulators must develop baseline cybersecurity requirements across critical infrastructure in a harmonized manner, which will involve coordinating dozens of agencies with unique authorities. Currently, businesses are expending substantial resources to comply with onerous and duplicative regulatory requirements set by an array of federal, state, and local entities. "Duplicative or contradictory cybersecurity regulations not only pose unnecessary costs on regulated entities, they also drain investment away from improvements in actual cybersecurity," said Leiserson. "By acting strategically, we can achieve better cybersecurity outcomes and lower costs to businesses and their customers."

ONCD, which leads the implementation of national cyber policy and strategy, is starting to develop baseline cybersecurity requirements, but so far the office has struggled to bring all the necessary stakeholders to the table. However, [draft legislation](#) proposed by Committee Chair Gary Peters (D-MI), and supported by the Biden Administration, could help address the issue. The proposed bill would establish a harmonization committee at ONCD requiring all agencies and regulators to come together and work toward harmonization. Leiserson explained that effective cybersecurity regulations impact everyone at all levels and

branches of government as well as at regulated entities across the country: “Having a clear mandate from Congress to bring everyone to the table will let us do what we do best at ONCD, which is listen to our partners, work with them to address the challenges...and design a comprehensive framework.”

Federal Communications Commission Adopts \$200 Million Cybersecurity Pilot Program for Schools and Libraries

Key Points:

- *This week, the Federal Communications Commission (FCC) adopted a three-year, \$200 million pilot program to study the use of agency funding to help schools and libraries address growing cybersecurity threats and data breaches.*

On Thursday, the FCC unanimously [adopted](#) a three-year, \$200 million Schools and Libraries Cybersecurity Pilot Program. The program will help the Commission study the use of agency funding to help K-12 schools and libraries address the growing cyber threats and attacks against broadband networks.

The funding is sourced from the agency’s Universal Service Fund (USF), an FCC tool that supports internet costs for eligible low-income entities. Specifically, the pilot program will “allow the Commission to gather the data needed to better understand whether and how universal service funds could be used to support the cybersecurity needs of schools and libraries.” The pilot’s funding is separate from the FCC’s longstanding E-Rate program, which has historically provided funding for schools to obtain affordable rural broadband. FCC Chair Jessica Rosenworcel [stated](#) the new program would “not undermine E-Rate’s success in connecting schools and libraries and promoting digital equity.”

Thursday’s vote comes at a critical time for schools and libraries, as ransomware attacks and data breaches continue to rise across the country exposing Americans’ sensitive health, financial, and educational data. Last year, the White House convened industry support to boost school cyber-defenses, garnering private-sector commitments to include free or subsidized cybersecurity offerings. The FCC pilot program builds on that action by using federal funds to support schools and libraries that request better equipment and services to defend against the burgeoning threat.

In a statement, Rosenworcel explained the complexity of the situation and urged interagency collaboration to address the threat. “This is a multifaceted problem and there are many others at the local, state, and federal level, including the Department of Education and Cybersecurity and Infrastructure Security Agency, that need to be part of the solution”.

Cybersecurity and Infrastructure Security Agency Adopts Recommendations for Improved Industry-Government Collaboration on Cybersecurity

Key Points:

- *An advisory panel to CISA provided the agency with recommendations to help strengthen the Joint Cyber Defense Collaborative aimed at using industry expertise to boost cybersecurity.*

On Wednesday, a Cybersecurity and Infrastructure Security Agency (CISA) advisory panel provided recommendations to improve industry-government collaboration on cybersecurity efforts. Specifically, the panel addressed persistent complaints regarding CISA's Joint Cyber Defense Collaborative (JCDC), a three-year old project helping share cybersecurity data between the public and private sectors.

The [adopted recommendations](#) included: (1) continuing to amplify JCDC's focus on operational cyber defense; (2) clarifying key operational components of JCDC— specifically, criteria for membership and participation in physical collaboration spaces; and (3) leveraging the convening power of JCDC to build out Coordinating Structures such as a proactive 'Smart Rolodex' of public and private partners. Before delivering its recommendations, the panel spoke to hundreds of JCDC partners who cited concerns regarding lackluster information sharing, declining participation, and organizational issues.

CISA Director Jen Easterly commented on the recommendations: "We're asking for companies who are used to working with the government just through government affairs, or through lawyers, to bring their technical and operational folks to the table. We're asking for companies to not just respond to crisis but to actually do cyber defense planning on the most serious threats" ([Cyberscoop](#)).

Upcoming Hearings and Meetings

June 11

ITI, GSA, and Federal IPv6 Task Force: IT Modernization [Summit](#).

National Institute of Standards and Technology: NIST holds a [meeting](#) of the Visiting Committee on Advanced Technology for an update on major programs at NIST and discussions on NIST facilities, programmatic updates on safety, measurement science, climate, and energy technologies and AI.

June 13

House Homeland Security Committee: The House Homeland Security Committee will hold a [hearing](#) entitled “A Cascade of Security Failures: Assessing Microsoft Corporation's Cybersecurity Shortfalls and the Implications for Homeland Security.”

American Bar Association: The American Bar Association holds a virtual [discussion](#) on "AI Governance."

For more information about cybersecurity issues you may email [Mahlet Makonnen](#) or [Frank Vlossak](#). Joe Maalouf and Gray Eisler contributed to this section.

TRADE

Senate Finance Committee Discuss GSP, AGOA Renewal

Key Points:

- *The Senate Finance Committee held a hearing to discuss the potential renewal of GSP and AGOA.*
- *The hearing follows the introduction of legislation led by House Ways and Means Trade Subcommittee Chairman Adrian Smith (R-NE) to renew GSP.*
- *In addition, Senator Brown (D-OH) announced his intent to introduce legislation to renew TAA through 2030 following calls for TAA extension from House Ways and Means Democrats.*

On June 5, the Senate Finance Committee held a hearing entitled, “Revitalizing and Renewing GSP, AGOA and Other Trade Preference Programs.” The hearing revolved around the renewal of the Generalized System of Preferences (GSP) program and the Extension of the African Growth and Opportunity Act (AGOA). GSP expired in late 2020 and AGOA is set to expire in 2025.

Within the hearing, Senate Finance Chairman Wyden (D-OR) emphasized that the two trade programs were important pieces of the nation's trade agenda. In turn, he provided support for GSP's renewal. In addition, he expressed support for modernizing and extending AGOA to support “two-way” trading partnerships between African countries and the U.S. Likewise, Ranking Member Crapo (R-ID) expressed support for reauthorizing GSP and AGOA but urged the Biden Administration to continue pursuing comprehensive trade agreements alongside trade preference programs. He further called on Congress to renew and

reauthorize GSP and AGOA before the next AGOA Forum. Witness testimony focused on the positive economic outcomes that AGOA and GSP produce for foreign nations and the domestic economy. In addition, testimony from the Cato Institute and Global Labor Justice specifically emphasized the importance of GSP and AGOA's labor, environment, and human rights standards as methods of improving global outcomes and spreading U.S. values abroad.

The hearing followed the House Ways and Means Committee's passage of the GSP Reform Act ([H.R. 7986](#)) in April. The bill faced sharp pushback from House Ways and Means Democrats who criticized the legislation for not including provisions to reauthorize the Trade Adjustment Assistance (TAA) Program. During the Senate Finance hearing, Senator Brown (D-OH) strongly advocated for the renewal of TAA, asserting that the program is critical to protecting U.S. workers unduly harmed by congressionally-led trade policies. Further, Senator Brown stated that he would soon introduce legislation to renew TAA through 2030 and noted Chairman Wyden's support for the bill.

Members of Congress Call on DHS, Treasury to Up Enforcement of Forced Labor Sanctions

Key Points:

- *Five Members of Congress have called on DHS to blacklist two Chinese battery manufacturers after ties to forced labor were uncovered.*
- *In addition, a group of four senators has called on Treasury to increase its enforcement of UFLPA.*

Five members of Congress have called on the Department of Homeland Security to blacklist Chinese battery manufacturers Gotion and CATL following evidence of ties to Uyghur forced labor. Within separate letters on [CATL](#) and [Gotion](#), the signatories outline how components used by the two companies are sourced by the sanctioned Chinese paramilitary organization Xinjiang Production and Construction Corps and state-owned enterprises known for "prolific use of forced labor." According to a [press release](#), the signatories have demanded that the Department blacklist Gotion and CATL. Further, the two letters request that the Department of Homeland Security provide an immediate briefing to them if it determines that CATL and Gotion should not be placed on the blacklist.

On the same day, Senator Blackburn led a [letter](#) alongside Senator Cassidy (R-LA), Senator Lankford (R-OK), and Senator Crapo (R-ID) calling on Treasury Secretary Yellen to increase enforcement of the Uyghur Forced Labor Prevention Act (UFLPA) ([P.L. 117-78](#)). The correspondence states that the Treasury Department is key to enforcing the UFLPA and

calls on it to provide a list of entities sanctioned as a result of Uyghur forced labor by June 21. The signatories also requested additional information on Treasury's actions to enforce UFLPA sanctions. The letter also criticizes the Biden Administration's enforcement of sanctions placed on the Xinjiang Production and Construction Corps and calls on Treasury to sanction all of the organization's subsidiaries.

Upcoming Hearings and Meetings

June 12

Sub-Saharan Trade: On Wednesday, the House Ways and Means Trade Subcommittee will hold a hearing entitled, "Looking Beyond 2025 for Trade with Sub-Saharan Africa, Haiti, and Others." According to an [advisory sheet](#), the hearing will focus on the African Growth and Opportunity Act and "certain trade preferences for imports from Haiti." The hearing will be held in 1100 Longworth House Office Building at 1:15 p.m., and [webcast](#) as well.

For more information about trade issues you may [email](#) or call Christopher Hatcher at 202-659-8201. Noah Hawkins contributed to this section.