

Cozen Currents: Biden Needs to Draw a Crowd

The Cozen Lens

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To achieve his goals of boosting clean energy and reinvigorating domestic manufacturing, President Biden aims to leverage funding from the private sector to implement his three major legislative achievements: the CHIPS and Science Act, the Inflation Reduction Act, and the Infrastructure Investment and Jobs Act.

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President Biden's response to the war in Ukraine has been relatively consistent, even as China has become a bigger factor, but a Republican victory in 2024 could lead to a big shakeup.

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Senate Democrats face a difficult map in 2024 while the Senate GOP continues to face recruitment challenges. These dynamics influence the policy choices of individual senators today.

Biden Seeks to Crowd in Private Capital to Realize His Agenda

CHIPS and Science Act. The CHIPS Act's \$52 billion in spending on semiconductors is a key example of what former National Economic Council Director Brian Deese described as "public investment to crowd in private capital."

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Commerce Secretary Gina Raimondo gave a [speech](#) last week on how the Biden administration will use the program to maintain US technological leadership and protect national security. She confirmed that the department will release the first of three funding opportunity announcements for CHIPS funding this week, sticking to the February timeline provided in Commerce's [September guidance](#).

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This will include a tranche of the roughly \$39 billion in subsidies for domestic semiconductor manufacturing. The first awards should be made before the end of the year. The second and third funding opportunity announcements will be released in late spring and early fall. Raimondo said this program is aimed at ensuring that by 2030, "America will design and produce the world's most advanced chips on our shores."

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In addition to the manufacturing subsidies, the CHIPS Act also includes approximately \$11 billion to support research and development on semiconductors, including the establishment of the National Semiconductor Technology Center.

Inflation Reduction Act. The centerpiece of President Biden's climate agenda, the Inflation Reduction Act (IRA), leverages private investment to speed the transition to clean energy.

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The Environmental Protection Agency's (EPA) \$27 billion Greenhouse Gas Reduction Fund, commonly called a "green bank," is a major component of the law. This fund will support the development of clean energy projects and is divided into three components. The EPA will offer \$7 billion in grants for zero-emission technologies in low-income and disadvantaged communities, \$12 billion in grants for projects to decrease emissions, and \$8 billion in grants for projects that decrease emissions specifically in low-income and disadvantaged communities.

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The EPA announced guidance for the implementation of the program earlier this month. The agency will operate two grant competitions, and the EPA estimated that applications will start to be accepted "by summer 2023." EPA Administrator Michael Regan said "with \$27 billion from President Biden's investments in America, this program will mobilize billions more in private capital to reduce pollution and improve public health."

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The Biden administration's implementation of the IRA has not been entirely smooth sailing for the private sector thus far. Earlier this month, the Treasury Department released guidance on new additional tax credits for wind or solar projects in low-income communities. The program has raised concerns in the solar industry though, as the guidance specifies that projects that begin service before receiving federal support will not be eligible and a limited 60-day application window will not open until the third quarter of 2023.

Infrastructure Investment and Jobs Act. The first of Biden's three signature bills to pass into law, the Infrastructure Investment and Jobs Act (IIJA), seeks to take advantage of private capital to achieve the president's goal of transitioning to electric vehicles (EVs).

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The EV transition can be considered a chicken-and-egg problem. What should come first: greater availability of EVs or a more robust charging network? The IIJA includes \$7.5 billion to support development of charging infrastructure to address this issue. This month, the Department of Transportation unveiled standards for EV chargers funded by the law. New regulations require the Combined Charging System plug, four "pumps" per station, standard payment, transparent pricing and availability via an app, and chargers every 50 miles on interstates.

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The White House also announced that Tesla would begin opening up some of its famed constellation of pit stops to others: 7,500 chargers in total by 2024, of which half are Superchargers. As a result, Tesla will now become eligible for a slice of the \$7.5 billion.

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Eligibility for these benefits is a different question. The rules require the chargers to be built in the United States immediately, and with 55 percent of their cost coming from American-made components by 2024. Any steel or iron manufacturing has to happen in the US. Not all charging companies can immediately meet these restrictions.

What Ukraine at One-Year Mark Means for Biden and US

Stronger Together. While President Biden's first foreign policy crisis, the US withdrawal from Afghanistan, jeopardized the US's allied relationships, his handling of coalition politics during the Ukraine war has seen them improve from where these partnerships were at the start of Biden's term.

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As much as Biden faced domestic backlash for his handling of the withdrawal from Afghanistan, there were also consequences for the US's international image. The White House

had been trying to pitch to its allies that the US was “back” and could be a trusted member of the global community again, but how Biden handled this crisis left allies uncertain that that was the case.

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Biden’s approach to the US’s allies during the Ukraine war has been a complete reversal of this. There has been a consistent emphasis on ensuring that it is moving forward with its partners and not taking unilateral steps that would put them in uncomfortable positions. While this has meant that the sanctions have sometimes been less punishing on Russia than the Biden administration would have wanted, it has resulted in significantly improving the US’s relationships with its partners, a tradeoff that Biden has embraced.

A Growing GOP Divide. Republicans have general agreement about not giving Ukraine a “blank check,” but what exactly that means varies greatly among the GOP’s would-be presidential candidates.

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The view from the MAGA wing of the GOP is that Ukraine has created a distraction for the president and that the funds going toward it would be better spent on domestic issues. Florida Governor Ron DeSantis has been one of the biggest proponents of this view, arguing that there are “a lot of problems accumulating here in our own country that [Biden] is neglecting.”

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Nikki Haley has become the antithesis to this view on the campaign trail, saying that it is important to provide Ukraine with the support necessary to win. Haley has sought to frame the support for the war as about “a war on freedom,” rather than just Ukraine.

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Haley is not alone in this view, and one of the most prominent Republicans who shares it is Senate Minority Leader Mitch McConnell (R-KY) who has increasingly pushed back against the isolationist voices within his party. If a solution has yet to be found, this poses a potential GOP clash after the 2024 election if a Republican looking to pull back support for Ukraine wins the presidency.

The Elephant in the Room. China has become an increasingly big part of the White House’s assessment of the war as evidenced by the focus on Beijing in the sanctions announced last week.

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China’s support of Russia has always been an irritant to the Biden administration, but it has been largely economic in scope and has not included lethal aid. What has been most frustrating has been the provision of dual-use technologies, such as raw materials, semiconductors, or cell phones that have both commercial and military uses.

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As part of the latest round of sanctions, the US targeted a number of Chinese companies that were identified as evading existing restrictions. Notably, these further punishments were only aimed at the violators and were not sector-wide restrictions against China. If there continues to be widespread infractions, the White House could escalate these measures, but for now, it will likely stick to this narrower approach to not increase bilateral tensions with China more than necessary.

Why Senate '24 Decisions Matter Now

Democrats' Tough Defense Ahead. While Democrats were able to hold on to their majority in 2022, they face a much more challenging Senate map in 2024.

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Democrats and Democratically aligned independents have twice as many seats up for election next year – 23 to the GOP’s 11. In 2018, the last cycle for this Senate class, it was a blue-wave midterm, leaving Democrats trying to hold onto a high-water mark in a likely more competitive cycle this time around.

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Three seats in particular are in high peril: Senator Joe Manchin in West Virginia, Senator Jon Tester in Montana, and Senator Sherrod Brown in Ohio. In 2020, former President Trump won those states by 39 points, 16 points, and eight points, respectively.

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There are another five seats Democrats are defending where President Biden won by less than three points.

Republicans Still Have Recruitment Problems. Democrats have top-tier incumbents who outperform the national brand in red and purple states. But their staying power has as much to do with the (lack of) quality of their Republican opponents than their own ability to defy political gravity.

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Manchin, Tester, and Brown have all developed individual brands in states that won't be voting for a Democrat for president anytime soon. But all three survived re-election in 2018 with the help of lackluster Republican opponents.

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The GOP is desperate to recruit better candidates this year, but have little sway over their own primary voters. Some candidates that play well to the base – even in red states – are anathema to independents and swing voters in the general election.

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Hope is not a strategy for Republican recruitment. There are already warning signs in states like West Virginia, Montana, and Arizona of controversial candidates who have lost winnable races in the past looking to run again.

The Next Two Years: The next election looms large over the decisions senators make today. Vulnerable members are desperate to score some policy wins for the voters back home.

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Incumbents in tough races will look to buck their own party on select issues. That could be a difference maker on matters that require a simple majority vote, like confirmations.

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On the Republican side, most senators up in 2024 face greater danger in a primary than a general election. That leaves McConnell with fewer Republican senators willing to go along on must-pass items like raising the debt ceiling.

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Decisions to retire will change how amenable the GOP is to a member's demands. Manchin would love to take permitting reform back to West Virginia but Republicans are eager to deny him a local victory. If he retires though, the chances of success could increase.
