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Outlook for This Week in the Nation's Capital

Recess Week. The House and Senate are in recess this week and will be back on May 7.

Rescission Package. While the White House is still discussing sending a rescission package to Congress, it is now likely that the package wouldn't include more than \$25 billion in spending reductions, a much smaller amount than the original \$60 billion suggested. The package is expected to be sent to Congress in early May, but is unlikely to go anywhere as Senate Majority Leader McConnell has been largely negative on the idea. Even though the package is not going to be approved, it will probably impact the programs targeted in the package as Congress has 45 days to act on the package so federal agencies would not allocate funding for those programs in the interim.

Last Week in the Nation's Capital

CONGRESS

Budget

First 2019 Appropriations Bill Advances: House appropriators kicked off the 2019 season approving a military construction and veterans spending bill in a subcommittee markup and sending it on to the full Appropriations Committee. The \$96.9 billion legislation, a \$4.2 billion increase over the 2018 levels approved in last month's omnibus spending bill, is the first of 12 spending bills to begin advancing through the appropriations process. ([The Hill](#))

House Energy and Water Appropriations Schedules Markup: The House Appropriations Energy and Water Subcommittee will mark up its fiscal 2019 spending bill May 7 at 5:30 p.m. The bill will probably be voted on at some point in the summer. (Clark Hill Insight)

Tax Reform

Key GOP Chairman Praises Trump's IRS Nominee Following Meeting: Senate Finance Committee Chairman Orrin Hatch (R-Utah) on Thursday met with Trump's nominee to lead the IRS, Chuck Rettig, and spoke favorably about the pick afterwards. Rettig, a Beverly Hills tax attorney, was nominated by Trump to be IRS commissioner in February. The Senate Finance Committee is in the midst of vetting Rettig, having only received his full paperwork earlier this month. While it could still take some time before Rettig is confirmed, lawmakers and tax experts say they hope he is sworn in in short order, given the agency's key role in implementing the GOP tax law. Lawmakers are also working to improve the IRS's technology and customer service and are interested in having a permanent leader of the IRS to be a partner in those efforts. ([The Hill](#))

Health

Democrats, Public Health Experts Highlight Lack of Funds as Opioid Bills Advance: Members of the Senate Health, Education, Labor and Pensions and the House Energy and Commerce committees advanced legislation that would make wide-ranging changes to fight the opioid crisis, including encouraging research into nonaddictive painkillers, imposing new prescription limits on opioids and expanding medication-assisted treatment. The legislative efforts have mostly bipartisan support, but some Democrats and public health experts argue that the measures won't have a significant effect on preventing or treating opioid addiction, because they exclude a key component: a continuous stream of funding dedicated to the opioid crisis. ([Morning Consult](#))

Congressional Black Caucus Opposed to Proposed 340B Changes: Rep. Rush, Congressional Black Caucus member, declared last week that him and his colleagues would work to thwart proposed changes to the 340B drug discount program. Bills have been introduced to increase transparency of the 340B program but many Democrats feels these are attacks on the program. (Clark Hill Insight)

Senator Murray Questioning High Salary of New CDC Director: The high salary set for the newly appointed director of the Centers for Disease Control and Prevention has come under criticism from Senate Democrats and watchdog groups who questioned the use of an exemption to pay him nearly twice as much as his predecessors. Dr. Robert R. Redfield, who became the director in March, is receiving \$375,000 a year, a substantially higher salary than the heads of many other government agencies. ([Seattle Times](#))

Transportation

House Passes FAA Reauthorization Bill: The House passed a Federal Aviation Administration reauthorization bill that will renew the agency's funding for another five years. Besides renewing funding, the legislation also includes provisions directing how disaster program funds are spent, though the measure does not allocate money for those programs. The final vote was 393-13. A Republican aide to the Senate Commerce, Science and Transportation Committee told CNN they are looking to have the legislation on the Senate floor in May or June and a long-term reauthorization in place by August. ([CNN](#))

Banking and Housing

House Chairman Eases Demands on Dodd-Frank Rollback: House Financial Services Committee Chairman Jeb Hensarling (R-Texas) on Thursday said he could drop his demand to amend a bipartisan Senate bill to loosen strict financial rules if the upper chamber agrees to take up measures from his panel. Hensarling said Thursday that he'd be willing to end his blockade of a Senate bill to rollback the 2010 Dodd-Frank Act if senators agree to consider legislation produced by his committee in a separate package. His comments are a small step away from an unequivocal pledge he made last month to not take up the Senate's bill unless its sponsors agreed to include House bills that passed with almost unanimous support. ([The Hill](#))

Defense

Senate Confirms New Head of Cyber Command, NSA: The Senate unanimously confirmed Lt. Gen Paul Nakasone as the commander of U.S. Cyber Command and director of the National Security Agency in a voice vote last week. Nakasone has been the commanding general of U.S. Army Cyber Command since October 2016, when he also assumed control of U.S. Cyber Command's joint Task Force ARES, which provides cyberspace support to the military in its efforts to combat the Islamic State group. ([Fifth Domain](#))

EXECUTIVE BRANCH

HHS

HHS Proposed Medicare Payment Rules on Price Transparency: The Trump administration is proposing to rewrite rules on federal payments to hospitals treating older Americans on Medicare, making it easier for patients to see the prices of procedures and care. As part of annual updates to Medicare payment rules, federal health officials also want to add \$1.5 billion for the coming year to the funds for so-called disproportionate share payments that help buffer hospitals from the expense of treating patients who cannot pay their bills. ([The Washington Post](#))

DOJ

Sessions Reverses Course and Will Continue Legal Aid Program for Immigrants: Attorney General Jeff Sessions reversed course on suspending a legal advice program for undocumented immigrants, saying he has ordered the resumption of the program pending a review of its effectiveness. Sessions announced the move at the opening of a hearing before the Senate Appropriations subcommittee that funds the Justice Department, saying he made the decision at the request of Congress, which has consistently appropriated money for the program. ([CNN](#))

DOJ Investigating Huawei for Iran Sanctions Violation: Chinese phone maker Huawei is under investigation by the US Department of Justice. The investigation aims to determine whether Huawei violated US sanctions against Iran. If the DoJ does find Huawei guilty of violating sanctions, it could mean criminal penalties and further difficulty making headway in the US market for the Chinese company. ([CNET](#))

Labor and Workforce

Management Chief - Trump Administration Will Renew Push for Performance Pay Fund: The Trump Administration's management chief said last week that it is past time for Congress to make updates to the 1978 Civil Service Reform Act. Margaret Weichert, deputy director for management at the Office of Management and Budget, said the Trump administration will renew its push to fill a proposed \$1 billion interagency workforce fund designed to support agencies' pay-for-performance pilot programs and give departments flexibility when hiring in high-demand fields. Weichert elaborated on her comments at the launch of President Trump's Management Agenda in Kansas City last month, stressing the need to modernize agencies in a holistic way, completing IT updates in conjunction with changes to how the federal workforce operates. ([Government Executive](#))

CFPB

Guidance v. Rule: Congressional Review Act Invalidation of Auto Lending Bulletin Shows this Distinction Makes a Big Difference: On April 18, 2018, the United States Senate exercised its authority under the Congressional Review Act (CRA) by repealing a longstanding "rule" issued as guidance on March 21, 2013. The Bulletin provided "guidance" (according to the BCFP) to automobile dealerships facilitating indirect financing from third-party lenders. The Bulletin made clear that such automobile dealerships, or indirect auto lenders, "should take steps to ensure that they are operating in compliance with the [Equal Credit Opportunity Act] and Regulation B as applied to dealer markup [of interest rates] and compensation policies." While CRA action is noteworthy even on its own, the reclassification of what an agency claimed was guidance instead of a rule subject to Congressional review is even bigger news, and should be viewed as a cautionary tale for federal regulators. ([Clark Hill Insight](#))

Banking and Housing

"My Generation Is Never Going to Have That": In Seattle's red-hot housing market, a group of millennial techies is using data skills to alter the look, and affordability, of their adopted city. In the confrontational stance of young activists, you can read an important new storyline in the housing crisis that is stalking America's booming urban centers. Even as cities like Boston, San Francisco, Atlanta and San Antonio have benefited from a massive influx of younger workers, especially those with tech and other "knowledge-based" skills, they are failing those same workers when it comes to housing. Since the end of the financial crisis Seattle has added roughly 100,000 jobs, but barely 32,000 new homes and apartment units, leaving younger workers priced out of many neighborhoods. ([Politico](#))

Infrastructure

Expedited Infrastructure Takes Another Step Forward: On April 9, 2018, the heads of numerous federal agencies signed a Memorandum of

Understanding Implementing One Federal Decision Under Executive Order 13807 (“MOU”) aimed at expediting and coordinating environmental review of major infrastructure projects. Signatories include the Secretaries of the Departments of Agriculture, Commerce, Housing and Urban Development, Interior, Transportation, Energy, Homeland Security, and Army, the Administrator of the Environmental Protection Agency, Chairmen of the Federal Energy Regulatory Commission (“FERC”) and the Advisory Council on Historic Preservation, and the Acting Executive Director of the Federal Permitting Improvement Steering Council. Signing the MOU represents a commitment to the Trump Administration’s vision of coordination and cooperation in the processing of environmental reviews and permits for major infrastructure projects. ([Clark Hill Insight](#))

DOD

Mattis Says New Defense Strategy Won’t Work under Budget Caps: Defense Secretary Jim Mattis told lawmakers that the new National Defense Strategy is “not sustainable” under budget caps due to return in 2020 and 2021, unless Congress arrives at a way to ease or eliminate them. The Pentagon’s \$686 billion budget for fiscal 2019 is the first under the new strategy, which is framed around America’s “great power conflict” with Russia and China, and requires 3 percent real budget growth to preserve the nation’s military edge. ([Defense News](#))

Immigration

USCIS Completes the H-1B Cap Random Selection Process for Fiscal Year 2019: On April 11, USCIS randomly selected enough H-1B petitions to meet the congressionally-mandated cap and the U.S. advanced degree exemption (the master’s cap), for the fiscal year 2019. USCIS received 190,098 H-1B petitions during the filing period, the first five business days of April. This is down from 199,000 applications last year. On April 6, USCIS announced that it had received enough H-1B petitions to reach the statutory cap of 65,000 and the master’s cap of 20,000. Receipts for cases accepted are expected in the next 30 days or so. USCIS will reject and return all unselected petitions with their filing fees unless the petition is a prohibited multiple filing. ([Clark Hill Insight](#))

Space & NASA

Webb Space Telescope Could Potentially Detect The First Stars and Black Holes: The first stars in the universe blazed to life about 200 to 400 million years after the big bang. Observing those very first individual stars across such vast distances of space normally would be a feat beyond any space science telescope. However, new theoretical work suggests that under the right circumstances, and with a little luck, NASA’s upcoming James Webb Space Telescope will be able to capture light from single stars within that first generation of stars. ([Space Ref](#))

FAA Reauthorization Bill Boosts Commercial Space Office: A reauthorization bill for the Federal Aviation Administration passed by the House April 27 includes several provisions intended to support its commercial spaceflight activities, including a major increase in authorized spending levels. The bill primarily deals with the FAA’s role in regulating commercial aviation. Several amendments approved by the House during its debate, though, involve the FAA’s Office of Commercial Space Transportation, or AST, and its role in regulating commercial spaceflight. ([Space News](#))

Transportation

House Passes 5-year Reauthorization of Federal Aviation Administration: The House on Friday passed a five-year reauthorization of the Federal Aviation Administration (FAA), providing the agency with a long-term fix following two recent short-term funding patches. The bill provides the FAA with funding through the 2023 fiscal year and follows a six-month extension for the agency in last month’s omnibus spending package. ([The Hill](#))

Russian Investigation

Trump and the Russia Investigation: What to Know: President Trump and the Kremlin have denied allegations that Russia and the Trump campaign colluded in the 2016 presidential election – but the probe into suspicions of Russian meddling is forging ahead. A special counsel was appointed to investigate potential wrongdoing, and the team has already brought multiple charges against people associated with the presidential campaign. Read on for a breakdown of what has happened in the Russia investigation thus far and what it means for the administration. ([Fox News](#))

Trade

Trump Administration is Likely to Extend Steel and Aluminum Tariff Exemptions Beyond May 1, Sources Say: The extensions may vary in length for each country, based on the progress made in talks on this and other trade issues. For instance, Canada and Mexico would be granted an extension because they have made progress on steel and aluminum issues in NAFTA talks, which resume late next week. It’s unclear where talks with Brazil, Australia and Argentina stand. ([CNBC](#))