Recess. Both the House and Senate are in recess this week. President Trump is in Bedminster, NJ, and while the White House has not publically disclosed how long he is expected to stay, some are anticipating it will be for two weeks.

Appropriations Strategy. Republican Leadership is attempting to pass into law as many as nine appropriations bill, including the Defense and Labor-HHS bills, before the fiscal year ends on September 30. Leadership is not planning to pass the Homeland Security bill in order to avoid a fight on border wall funding before the November election. House Conservatives are reportedly trying to block the passage of the Defense and Labor-HHS bills over concerns that after that legislation is passed, there will be little leverage to take on immigration and border security.

Last Week in the Nation's Capital

CONGRESS

Budget

Senate Passes Minibus Spending Measure: The Senate cleared a second appropriations measure funding four federal departments as it works to meet a Sept. 30 deadline for keeping the government open. In a 92-6 vote, the Senate approved a “minibus” funding the Agriculture, Transportation, Housing and Urban Development HUD and Interior Departments. The $154.2 billion measure also provides funding for financial services and general government. The Senate has now approved packages that including funding for agencies and programs in seven of the 12 traditional bills that need to be approved to fund the government. (The Hill)

Trump Weighs Fight Over Border Wall Funding: President Trump’s conservative supporters are spoiling for a fight over funding for his border wall this fall even if it risks a government shutdown, setting up a stark choice for the White House: Juice the president’s base or placate Republicans who fear the electoral fallout. Trump is under mounting pressure from the far right to act aggressively on his top campaign promise — which remains unfulfilled 18 months into his presidency — despite warnings from GOP leaders in Congress that a budget standoff would sow chaos just weeks before an already tenuous midterm election. (The Washington Post)

Health

Senate Dems to Force Vote to Block Non-ObamaCare Insurance Plans: Top Senate Democrats said they are planning to force a vote on a measure that would overturn the Trump administration’s rule expanding access to cheap, controversial insurance plans. The measure will only require 51 votes to pass, which would mean that in Sen. John McCain’s (R-Ariz.) absence the backers need to recruit one Republican to their cause. (The Hill)

Tax Reform

Republicans Happy to Let Treasury Pursue $100 Billion Tax Cut Plan: Congressional Republicans are rallying behind potential executive action by the Treasury Department to reduce capital gains unilaterally. With Congress unlikely to pass related legislation anytime soon, GOP lawmakers expressed interest in having the Treasury Department take the lead, a day after The New York Times reported that Treasury Secretary Steven Mnuchin said he’s considering doing so. Implementing the cut would reduce the amount of money subject to capital gains taxes and result in an estimated $100 billion tax cut, mostly for wealthy individuals. (The Hill)

Homeland Security

Dem Senator Requests More Info from TSA on ‘Quiet Skies’ Monitoring Program: Sen. Ed Markey (D-Mass.) sent a letter to the head of the Transportation Security Administration (TSA) following a Boston Globe report on the “Quiet Skies” program, under which undercover federal air marshals observe behavior by passengers. Markey wrote that the program “raises serious privacy concerns” and posed several questions to the TSA about how individuals are selected for the program as well as how effective it has been in the years since it was implemented. (The Hill)

Defense

Senate Sends $717B Defense Policy Bill to Trump’s Desk: The Senate easily passed a $717 billion annual defense policy bill. The Senate approved the compromise fiscal 2019 National Defense Authorization Act in a 87-10 vote, sending it to Trump’s desk for his expected signature. (The Hill)

Space, NASA & NOAA

Commercial Space Bill Clears Senate Committee: The Senate Commerce Committee approved a bill Aug. 1 that would streamline commercial launch and remote sensing regulations but also includes language conflicting with a House bill. The committee favorably reported S. 3277, the Space Frontier Act of 2018, which was introduced July 25 by Sen. Ted Cruz (R-Texas) with Sens. Ed Markey (D-Mass.) and Bill Nelson (D-Fla.). The bill is primarily focused on reforming commercial launch and remote sensing regulations, in line with efforts by the Trump administration through Space Policy Directive 2
Agriculture

Trump Calls for Food Stamp Work Requirements in Farm Bill: President Trump on Thursday urged House and Senate lawmakers to adopt strict work requirements for food stamps when they craft a merged farm bill. Both the House and Senate passed their respective farm bills in June. However, the House bill imposes new work requirements on the food stamps program and tightens overall eligibility on who can qualify for the federal assistance. House Republicans have insisted they will fight for their version of the legislation, and Trump’s explicit support for work requirements could complicate an already fraught process when the two chambers formally meet in the fall to merge their respective bills. The current farm bill expires Sept. 30. (The Hill)

Transportation

Senate Approves Appropriations Bill for Public Transit: The U.S. Senate approved a fiscal-year 2019 appropriations bill that provides $16.1 billion for public transit. The Transportation, Housing and Urban Development appropriations bill also dedicates $2.5 billion for intercity passenger-rail grants. The rail and transit funding levels are $1.3 billion more than authorized by the Fixing America's Surface Transportation Act for FY2019, according to a press release issued by the American Public Transportation Association. (Roads & Bridges)

EXECUTIVE BRANCH

HHS

HHS Will Give Planned Parenthood Clinics Family Planning Funding: The Trump administration will continue to give family planning grants to Planned Parenthood as it considers a new regulation to cut future funding to the women’s health and abortion provider. Health and Human Services released the names of 96 organizations that will get family planning grants for the 2018 fiscal year. The grant announcement comes as the agency is considering a major overhaul to the Title X program that involves cutting off funding to organizations that provide abortion, such as Planned Parenthood. (Washington Examiner)

New Trump Administration Rule Will Require Hospitals Post Prices Online: Hospitals will be required to post online a list of their standard charges under a rule finalized by the Trump administration. While hospitals are already required to make this information public on request, the Centers for Medicare and Medicaid Services said the new rule would require the info be posted online to “encourage price transparency” and improve “public accessibility.” (The Hill)

Series of Ethical Stumbles Tests NIH’s Reliance on Private Sector Funding: Recent projects have put the NIH in the spotlight for the wrong reasons. The most controversial was a much-publicized partnership with alcohol manufacturers, which was canceled in June after the NIH concluded scientists had so thoroughly involved alcohol industry figures in planning as to render the science untrustworthy. Now, the NIH is seeking to bounce back from the hit to its reputation — and to demonstrate that the failures of recent years are isolated incidents and not emblematic of a broader cultural problem. (STAT)

Defense

Meet the New Head of the Pentagon’s Strategic Tech Office: Chris Shank, a former Air Force officer who has held a number of jobs in both the administrative and congressional branches of government, has been selected by Under Secretary of Defense for Research and Engineering Mike Griffin to take over the department’s Strategic Capabilities Office (SCO). Griffin and Shank share a history. Shank served as director of strategic investments at NASA from 2005-2009, the same period Griffin ran the space agency. Per a recently uploaded Pentagon biography, he was responsible for the formulation and defense of the agency’s $17 billion worth of programs and institutional budgets; he later took over legislative and public affairs for the space agency. After leaving NASA, Shank worked at Honeywell on development efforts for military, intelligence, civil and commercial space businesses. Afterward, he served on the staff of Rep. Lamar Smith, R-Texas, before becoming policy director for the House Science, Space, and Technology Committee. Shank becomes the second director for SCO, following the exit of founding head Will Roper, who took over the top Air Force technology job. (Defense News)

Labor & Workforce

Automation Fears Force Retraining in New York, Nationwide: Rapid changes in automation and technology are leading workers on New York’s Long Island and nationwide to retrain for new careers. A Pew Research Center study published last year found that 6 percent of U.S. adults had lost a job or had their wages or hours reduced because their employer replaced elements of their position with a machine, robot or computer program. Workers ages 18 to 24 experienced the biggest disruptions, with 13 percent saying their jobs had been affected. (Gov Tech)

Treasury

Treasury Fintech Report Recommendations Could Change Banking As We Know It: On February 3, 2017, President Trump issued Executive Order 13772 (EO), stating that “It shall be the policy of my Administration to regulate the United States financial system in a manner consistent with the following principles of regulation, which shall be known as the Core Principles.” The EO directed the Treasury Secretary to report to the President with regard to the extent existing laws, regulations, guidance, and other government policies promote those Core Principles. As mandated in the EO, Treasury issued the fourth and final report titled, “A Financial System That Creates Economic Opportunities Nonbank Financials, Fintech, and Innovation” (Report). This
Report, and its recommendations if implemented, will markedly change the way banking will be done in the United States. In the Report, Treasury makes four recommendations which are designed to 1) streamline the regulatory environment to foster innovation across business models; 2) modernize activity specific regulations; 3) facilitate experimentation; and 4) embrace the efficient and responsible use of consumer financial data and competitive technologies. (Clark Hill Insight)

DOE

**Department of Energy Announces $10 Million for Earth System Model Development and Analysis**: The U.S. Department of Energy announced $10 million in funding for 13 projects aimed at further enhancing one of the world’s most sophisticated computer models for understanding weather and climate patterns. The new projects are aimed at improving representation of oceans, atmosphere, and clouds, as well as simulation of extreme weather events such as intense precipitation, tropical cyclones, and monsoons. There is also a focus on longer-term processes, such as the so-called Pacific Decadal Oscillation, a recurring pattern of ocean and atmosphere interaction that occurs over decades in the Pacific. (DoE Press Release)

**Space, NASA & NOAA**

**GAO Backs Use of Commercial Satellites to Host Military Payloads**: The Pentagon should use commercial satellites as host platforms for military sensors and communications packages, says a new Government Accountability Office report released on Monday. GAO auditors investigated the pros and cons of “hosted payloads” and agreed with what private satellite operators have been saying for years: The military can save money and get capabilities on-orbit faster by hitching rides on commercial satellites. The industry has been building huge spacecraft that have extra carrying capacity, and hosting national security payloads is viewed as a profitable business that also helps the military fill a need. (Space News)

Cybersecurity

**Cyber Command Chief Will Weigh in on Split from NSA**: One of the most hotly contested debates surrounding the maturation of U.S. Cyber Command is its eventual split from the National Security Agency. Top officials have long maintained the so-called dual-hat relationship, where one leader oversees both organization, was temporary. But Cyber Command’s new leader, Gen. Paul Nakasone, has said he will re-examine the issue in an assessment to the Secretary of Defense and chairman of the Joint Chiefs of Staff within his first 90 days in charge. That 90 day mark falls on Aug. 2. A Cyber Command spokesman confirmed Nakasone is working on the report. Nakasone, who now also leads NSA, said during his confirmation hearings he did not have a strong feeling about the split. (Fifth Domain)

**The Fight over Trump’s Cyber Strategy**: The Trump administration wants to boost partnerships with the private sector to combat a barrage of hacks, but current and former government officials say the White House’s approach to cybersecurity is uncoordinated and ineffectual. The administration outlined its strategy July 31 during a cybersecurity summit in New York City. There, the Department of Homeland Security announced a new national risk management center that would serve as a threat-sharing hub with private companies. The idea is to provide cyber risk information with private businesses like banks, utility companies and transportation systems that are essential for everyday American life. Current and former government officials say the White House's approach to cybersecurity is uncoordinated and ineffectual. The administration outlined its strategy July 31 during a cybersecurity summit in New York City. There, the Department of Homeland Security announced a new national risk management center that would serve as a threat-sharing hub with private companies. The idea is to provide cyber risk information with private businesses like banks, utility companies and transportation systems that are essential for everyday American life. (Fifth Domain)

DOT

**Flight Attendants Association Petitions DOT to Regulate Plane Temperatures**: A flight attendants’ union has filed a petition with the Department of Transportation asking the agency to regulate the temperature aboard airplanes. The Association of Flight Attendants-CWA filed the petition last month, in which the group argued that without regulation, the temperatures could cause a danger to passengers and crew members. (The Hill)

Trade

**China Warns it Could Fire Back with Tariffs on $60 Billion in U.S. Goods**: The Chinese government threatened Friday to dramatically escalate its economic standoff with President Trump, vowing to impose tariffs on $60 billion in U.S. goods if the White House does not halt pending penalties on Chinese imports. The Chinese Commerce Ministry said in a statement it could add duties of 5, 10, 20 or 25 percent on 5,207 types of U.S. imports, while warning it could adopt further countermeasures at any time. White House officials had hoped Trump’s latest threat would frighten Chinese officials into negotiations, where Trump aims to secure more favorable terms for U.S. manufacturers in one of the world’s largest marketplaces. (The Washington Post)

**U.S. Trade Deficit Widens by $46.3 Billion in June**: The Commerce Department says the deficit in goods and services — the gap between what the U.S. sells and what it buys in foreign markets — rose 7.3 percent to $46.3 billion in June from $43.2 billion in May. U.S. exports slid 0.7 percent to $213.8 billion; imports rose 0.6 percent to $260.2 billion. In the first half of the year, the U.S. has registered a trade deficit of $291.2 billion, up 7.2 percent from January-June 2017. (Fox News)

DHS

**TSA Considering $300 Million in Cuts**: CNN obtained a new internal document that shows the Transportation Security Administration’s proposal to eliminate screening at more than 150 small to medium sized airports is just one of several cost-saving measures the agency is discussing. The document, which an agency source says TSA Administrator David Pekoske was briefed on last month, shows how the TSA could save more than $300 million in 2020. (CNN)
DHS Will Shore Up Cybersecurity for America's Infrastructure: As the threat of cyberattacks on the United States launched by foreign adversaries grows, the federal government has been slow to respond. But changes announced July 31 at the Department of Homeland Security, along with a new bipartisan bill aimed at shoring up DHS cybersecurity initiatives, could give newfound purpose to defenses against critical infrastructure hacking. At a cybersecurity summit, Homeland Security secretary Kirstjen Nielsen announced the creation of the National Risk Management Center, which will focus on evaluating threats and defending US critical infrastructure against hacking. The center will focus on the energy, finance, and telecommunications sectors to start, and DHS will conduct a number of 90-day “sprints” throughout 2018 in an attempt to rapidly build out the center's processes and capabilities.

(Wired)