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Outlook for This Week in the Nation's Capital

Year End Budget Battle. On Friday, President Trump signed the two-week Continuing Resolution (H.J. Res. 143) into law, funding the government through December 21st. Lawmakers from both parties are slated to meet with Trump to discuss the spending package, and Congress is faced with a list of new spending requests identified by the White House in late-stage appropriations talks, including money for the Department of Commerce for national security reviews of foreign purchases of U.S. businesses, and funding for the Interior Department to help combat more frequent wildfire outbreaks. The two-week stopgap measure buys leaders time to hash out a deal, but there's little confidence on either side that legislators can meet Trump's demands for homeland and border security.

Farm Bill. The long-awaited Farm Bill is expected to be voted on this week. Though details have been scarce, the compromise worked out by House and Senate negotiators will not expand work requirements for food stamp beneficiaries and the bill would remove industrial hemp from the federal government's list of controlled substances, making it a lawful agricultural commodity.

Last Week in the Nation's Capital

CONGRESS

Budget

Congress Passes Short-Term Funding Bill to Avoid Government Shutdown: Both houses of Congress passed a continuing resolution on Thursday to push the government shutdown deadline to Dec. 21. The shutdown standoff — originally set for last week — was delayed after the death of former President George H.W. Bush. Democrats are still refusing to give Trump the \$5 billion he wants for his border wall, though Senate Minority Leader Chuck Schumer has reportedly offered the president \$1.6 billion for border security — a move that prompted backlash from many progressives. ([Axios](#))

Banking

Senate Confirms Consumer Bureau Nominee as Bureau Defends Name Change: The Senate on Thursday, in a squeaker vote of 50-49, confirmed White House homeland security specialist Kathy Kraninger to be director of the Consumer Financial Protection Bureau. The vote came as the agency was defending the move taken earlier this year by acting Director Mick Mulvaney to change the bureau's name to the language used when it was created under the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act—the Bureau of Consumer Financial Protection. ([Government Executive](#))

Cybersecurity

Sen. Warner Calls for U.S. Cyber Doctrine, New Standards for Security: The U.S. needs improved cybersecurity policies if it is going to catch up with the practices in the rest of the world, Sen. Mark Warner said on Friday, saying the government has failed to recognize the seriousness of the situation. The Virginia Democrat, who serves as vice chairman on the Senate Select Intelligence Committee, said U.S. cybersecurity fails to provide adequate protection of critical infrastructure or guard against the dissemination of disinformation online. ([C Net](#))

Homeland Security

Nancy Pelosi Says Funding for Trump's 'Immoral, Ineffective, Expensive' Border Wall is off the Table: Nancy Pelosi (D-CA), who's set to become the next speaker of the House when the new Congress begins in January, shot down negotiations that would include funding for President Trump's long-desired wall along the nearly 2,000-mile U.S.-Mexico border. Pelosi told reporters on Thursday that pairing wall funding with a permanent solution to the Deferred Action for Childhood Arrivals program was not on the table and that she would prefer Congress pass a continuing resolution for Homeland Security before Christmas. ([Business Insider](#))

Agriculture

Final Farm Bill Would Make Hemp Legal, Other Details Revealed: The top House Agriculture Democrat says a final farm bill agreement rejects controversial House provisions to tie food stamp benefits to expanded work requirements, greenlights hemp cultivation and tweaks programs important to farmers and ranchers. Lawmakers have spent weeks negotiating to reconcile the House and Senate versions of the legislation. House Agriculture ranking member Collin Peterson (D-MN) said the five-year legislation is "mostly a status quo" bill that keeps current work requirements for able-bodied adults in the Supplemental Nutrition Assistance Program, formerly known as the food stamp program. He added that he hopes a farm bill conference report will be released Dec. 10. ([Roll Call](#))

Infrastructure

Democrats Will Insist on Climate Change Measures in Infrastructure Deal, Schumer Says: Senate Minority Leader Chuck Schumer (D-NY) plans to push measures to combat climate change through infrastructure legislation, he wrote in an op-ed in [The Washington Post](#). With Democrats set to take

control of the House next year, Schumer believes the party will be in a better position to hammer through sustainable infrastructure legislation, which has long been a Democratic priority. ([Politico](#))

EXECUTIVE BRANCH

Health

U.S. Healthcare Spending Rises to \$3.5 Trillion: U.S. healthcare spending reached \$3.5 trillion in 2017, or \$10,739 per person, according to an annual report released Thursday by the Centers for Medicare and Medicaid Services. Healthcare spending growth was 3.9 percent for the year, below the 4.8 percent rate in 2016 and near the slow rates seen in the years just after the financial crisis. The findings, [published in the journal Health Affairs](#), reflect spending on healthcare across the board, including from private health insurance, the government, employers, and individuals. ([Washington Examiner](#))

ObamaCare Enrollment Down 11 Percent from Last Year: In the first five weeks of this year's sign up period, about 3.2 million people have signed up for ObamaCare plans, compared to the 3.6 million who had signed up by this point last year. Health insurance experts say there are a number of reasons enrollment could be dropping this year, including funding cuts the Trump administration made to advertising and to local groups that provide enrollment assistance. It's also the first year individuals without insurance won't have to pay a penalty, which could encourage customers to drop ObamaCare plans. ([The Hill](#))

HHS Names New Senior Advisor for Drug Pricing Reform: John O'Brien has been named as senior advisor to HHS Secretary Alex Azar for drug pricing reform, the agency announced Dec. 6. The appointment follows the death of Daniel Best, who served as senior advisor to Azar and passed away in November. Drug pricing reform has been a major focus of the Trump administration, which has proposed several initiatives to lower the cost of prescription drugs for Medicare beneficiaries. ([Health Exec](#))

Space, NASA & NOAA

Pentagon 'Scrambling' to Figure Out Space Reorganization: At a gathering of space executives and policy experts on Thursday, Pentagon officials mostly sidestepped the Space Force issue. Undersecretary of Defense for Research and Engineering Michael Griffin said he was not intentionally dodging the question but he simply does not know when or how a new military branch will be organized. During a Q&A session at a U.S. Chamber of Commerce summit to promote the space industry as an engine of innovation and economic growth, Griffin was asked about the status of a new agency that DOD is expected to stand up in 2019 to develop and acquire space technologies. ([Space News](#))

Education

Trump Administration Relaxes Some Obama-Era School Lunch Rules: President Trump's administration on Thursday relaxed rules championed by former first lady Michelle Obama aimed at making U.S. school lunches healthier, a move that will affect institutions that feed 30 million children annually. Agriculture Secretary Sonny Perdue, delivering on a promise he made when he took office in May 2017, said schools under the current rules faced challenges serving meals that were both appetizing and nutritious. "If kids are not eating what is being served, they are not benefiting, and food is being wasted," Perdue said in a statement. ([Reuters](#))

Defense

Trump, in Reversal, Calls for Pentagon to Raise Budget Request to \$750B: President Trump is reportedly calling for the Pentagon to raise its budget request for next year to \$750 billion, significantly more than he previously wanted and \$12 billion more than top military officials have been pushing for. Trump in a tweet last week appeared to call the Department of Defense's (DOD) current budget of \$716 billion "crazy," and he has been pushing for a 5-percent cut to its budget as he seeks to trim spending across the federal agencies. ([The Hill](#))

Pentagon Considers Cybersecurity Certification for Its Contractors: For the Defense Department, the area with the fewest cyber protections are the defense contractors the department works with, particularly the small businesses that don't have the expertise or resources to build a robust security posture. The Pentagon put together a task force to assess whether small businesses within the defense industrial base are complying with the cybersecurity framework published by the National Institute of Standards and Technology and provide assistance to companies that need help. Within the next year, the Department hopes to have a method to certify cybersecurity of Department vendors. That process begins with ensuring companies are compliant with NIST standards. ([Next Gov](#))

EPA

EPA to Propose Easing Obama Water Rule: The Trump administration is poised to ease an Obama-era water rule, shrinking the number of waterways that are protected from industry pollutants. The Environmental Protection Agency is expected to propose changing the definition of "Waters of the U.S." to erase federal protections on some waters. The change would cover wetlands not connected to larger waterways or riverbeds that only flow after rainfall. ([The Hill](#))

EPA Reduces Regulatory Enforcement Burden, Targets Compliance Assistance: On November 21, 2018, the Environmental Protection Agency's (EPA) Office of Civil Enforcement released a memo detailing new best practices for soliciting compliance and enforcement-related information from regulated entities. In coordination with this agency-wide memo, the EPA Office of Water also issued a memo implementing procedures that are to be used

specifically when issuing Clean Water Act Section 308 letters to nine or fewer entities for the purposes of regulating or rulemaking under the Clean Water Act. These directives signal a shift in EPA's enforcement approach by moving away from burdensome, often adversarial information collection requests toward a more collaborative, compliance assistance approach. ([Clark Hill Insight](#))

DHS

DHS Wants a Custom Cyberthreat Warning Network: The Department of Homeland Security wants to create a social network that businesses can use to exchange advanced knowledge of cyberattacks, an effort that echoes what a number of private sector organizations have created but is intended to operate on a larger scale. In a pre-solicitation statement, the agency said it wanted to develop software to help small and medium-sized businesses communicate with each other and identify hacking attempts. With the investment, the agency hopes that participating businesses have better internal risk assessment capabilities, outside context and more detailed information-sharing mechanisms. ([Fifth Domain](#))

White House

Trump Taps William Barr for Attorney General, Heather Nauert for U.N. Ambassador: President Trump announced Friday that he plans to nominate William Barr, the George H.W. Bush-era leader of the Justice Department, as his next attorney general – as well as State Department spokeswoman Heather Nauert to succeed outgoing U.N. Ambassador Nikki Haley. The nominations, which had been widely expected, were confirmed by the president as he prepared to leave Washington for a conference in Missouri. ([Fox News](#))

John Kelly to Leave White House at Year's End: President Trump announced on Saturday that White House chief of staff John Kelly will leave his job by the end of the year, the latest and highest-profile move in a shake-up of Trump's team following Republican losses in November's midterm elections. ([The Hill](#))

Trade

U.S. Says March 1 'Hard Deadline' for Trade Deal with China: U.S.-China trade negotiations need to reach a successful end by March 1 or new tariffs will be imposed, U.S. Trade Representative Robert Lighthizer said on Sunday, clarifying there is a "hard deadline" after a week of seeming confusion among President Donald Trump and his advisers. ([Reuters](#))

China Promises Prompt Action on U.S. Trade Pact: China's government said Thursday it will promptly carry out a tariff cease-fire with Washington and is confident they can reach a trade agreement, suggesting Beijing wants to avoid disruptions due to the arrest of a tech executive. Talks during the 90 day period during which President Trump has agreed to suspend U.S. tariff hikes will start by focusing on farm goods, energy and automobiles, said a Ministry of Commerce spokesman, Gao Feng. ([ABC News](#))

National Security

John Bolton: U.S. Won't 'Turn A Blind Eye' To China's Trade Practices: The arrest and possible extradition of a Chinese business executive highlights ongoing trade tensions between the U.S. and China that national security adviser John Bolton says will be a major focus of negotiations over the next three months. Meng Wanzhou, chief financial officer at China's Huawei Technologies, was arrested in Canada last week at the request of U.S. authorities and faces possible extradition to the U.S. In an interview with NPR's Steve Inskeep, Bolton declined to address the reasons for her arrest, but said the U.S. has long been concerned with what it views as her company's theft of technological know-how. ([NPR](#))

Treasury

Newly Effective CFIUS Pilot Program for Critical Technology Requires Mandatory Review of Covered Transactions Involving Foreign Investments: Pursuant to Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA), the Committee on Foreign Investment in the United States (CFIUS) is conducting a pilot program relating to critical technology. Important take-aways – As parties engage in transactions, we now need to give additional consideration as to whether it may be a covered transaction subject to review by CFIUS. Whereas CFIUS was previously a voluntary process with authority to review only transactions that could result in foreign control of a U.S. business, effective November 10, 2018, CFIUS will now require reviews of even certain non-controlling critical technology investments from any country, including ANY acquisition of an equity interest that affords a foreign person with access to specified information or governance rights. Failure to file either a new short-form "Declaration" or a full CFIUS notice 45 days before closure of a deal could result in civil monetary penalties up to the value of the transaction. ([Clark Hill Insight](#))

The IRS Is Now...on Instagram: If anyone is going to remind you about tax season, it might as well be a pink flamingo. That's the idea behind a new account on Instagram, run by the Internal Revenue Service, the much-feared U.S. taxman. The account, launched Nov. 30, is full of candy-colored gifs and Insta-friendly animals educating people on tax-related issues. According to [a release from the agency](#), the IRS Instagram will be informing taxpayers of the tax law changes related to the Trump administration's tax cuts (previewed by [a chameleon who wants you to #BeTaxReady](#)) and warning them about online scams. ([Next Gov](#))