

---

# Window on Washington - Feb. 19, 2018, Vol. 2, Issue 7

Feb 19, 2018

## Outlook for This Week in the Nation's Capital

**FY18 Appropriations Wrap-up.** House Appropriators are trying to finish drafting the FY18 Omnibus Appropriations bill by March 14 in order to give Congress enough time to pass the bill before the current Continuing Resolution is set to expire on March 23. Subcommittee chairs have largely been given the authority to settle disagreements within their own bills and only include the full committee chairmen and ranking members when absolutely necessary. However, the majority of the work on the omnibus bill has not been able to begin as the funding allocation for each subcommittee, known as 302(b)s, have still not been agreed to by Congressional Leadership.

**FY19 Budget.** The Trump Administration released its FY19 budget request last Monday and lawmakers from both parties have expressed their opposition to multiple parts of the request. In a Budget Committee hearing last week, Senators expressed their concerns to OMBV Director Mulvaney on the proposed cuts to the State Department, renewable energy programs, Great Lakes cleanup funding, and other programs. As always, Congress looks at the budget request as more of a suggestion and instead, appropriates funding as it sees fit. In the FY18 appropriations bills, Congress restored many of the funding cuts proposed in the FY18 budget request. Additional details on the budget request are provided below.

**Gun Control.** Immediately in the wake of tragic shooting at a Florida high school, many believed that Congress would be unlikely to implement any gun control legislation as a reaction. However, it now seems that there may be some willingness by Republicans. On Sunday, Rep. Curbelo (R-FL) called for Congress to pass gun control measures related to background checks, prohibiting persons on the "No Fly" list from instant access, and bump stocks. Senator Cornyn (R-TX) has also expressed interest in passing the "No Fly" list legislation.

## Last Week in the Nation's Capital

### CONGRESS

#### *Budget*

**House Budget Committee Attempting to Draft Budget Resolution:** Obstacles to House Republicans passing a fiscal 2019 budget resolution appear insurmountable and have some members questioning why the Budget Committee is even planning to write one. Exactly half of the 22 Republicans on the Budget panel — more than enough to block a partisan budget resolution — voted against last week's budget deal that set fiscal 2019 topline spending levels of \$647 billion for defense and \$597 billion for nondefense. Under the agreement, House and Senate leaders committed that if their chambers decide to advance fiscal 2019 budget resolutions, they would write them to those topline numbers. ([Roll Call](#))

#### *Tax Reform*

**High Income Tax States Strike Back Against Limitation of State Tax Deduction:** High income tax states have just begun to grapple with how to keep their lights on and blunt the blow of tax reform's \$10,000 limit on state tax deductions. The folks at BNA provide a roundup of some of the latest proposed state income tax changes that attempt to do so in Illinois, California, New York and Connecticut. ([Bloomberg](#))

**IRS Asks for More Funds to Implement New Tax Law:** The Internal Revenue Service's acting commissioner, David Kautter, testified at a Senate Finance Committee budget hearing asking for nearly \$400 million in additional funds to help the IRS administer the Tax Cuts and Jobs Act. Kautter noted that implementing the Tax Cuts and Jobs Act is one of the IRS's highest priorities, for which they have established a "Tax Reform Implementation Office," and that preliminary efforts to implement the new law are already underway, including some important pieces of guidance related to foreign business income and withholding tables. ([Accounting Today](#))

#### *Health*

**Here are the Most Interesting Things the New HHS Secretary Said this Week:** Alex Azar is just two weeks into his new job, but he gave a few more hints this week about how he'll lead the Department of Health and Human Services when he appeared before three Capitol Hill committees to testify about President Trump's budget ([The Washington Post](#))

**GOP Chairman: Congress Should Rethink CDC Ban on Gun Violence Research:** House Judiciary Chairman Bob Goodlatte (R-Va.) supports the CDC's ability to study gun violence as a public health issues, as long as it relates to mental health. The Dickey amendment, an annual appropriations provision, states that "None of the funds made available in this title may be used, in whole or in part, to advocate or promote gun control." Democrats frequently rail against the amendment. House Minority Leader Nancy Pelosi (D-Calif.) said Thursday that the Dickey amendment has "put a chilling effect on what the CDC could do in terms of gun violence prevention." ([The Hill](#))

#### *Justice*

**Grassley Rips Sessions for Opposing Criminal Justice Bill:** Senate Judiciary Committee Chairman Chuck Grassley hit back hard at Attorney General Jeff Sessions on Wednesday after his former Senate colleague launched a pre-emptive strike on his criminal justice bill. The legislation, which Grassley

---

has worked on for more than two years, is expected to win committee approval Thursday. ([Politico](#))

**Colorado Sen. Gardner to Stop Blocking Some DOJ Nominees Over Pot Policy:** Colorado's Republican U.S. senator will stop blocking nominees for some Justice Department jobs over concerns about the marijuana industry, saying Thursday that federal officials have shown good faith in recent conversations on the department's pot policy. Gardner used his power as a senator last month to freeze nominations for posts at the agency after U.S. Attorney General Jeff Sessions rescinded Obama-era protections for states like Colorado that have broadly legalized recreational marijuana. ([Fox News](#))

#### *Banking/Housing*

**Has GSE Reform Hit the Skids (Again)?:** Despite a legislative push by some senators and other stakeholders to jump-start housing finance reform, efforts to form consensus over a bill once again are stuck in neutral. A draft of a housing finance reform bill being crafted by Senators Corker (R-TN) and Warner (D-VA) was leaked late last month, but neither lawmaker has put their formal stamp on the legislation and it's not clear when an official bill will be brought forward. Groups on both the left and right have been unwilling to support the draft plan, and even though the focus may be shifting quickly to what the Trump administration can do without a bill to reform Fannie Mae and Freddie Mac, clarity on what an administration plan might look like has also been lacking. ([American Banker](#))

#### *Defense*

**Senate Confirms Nuclear Weapons Chief, Key Pentagon Officials:** America's next nuclear weapons czar, the Pentagon's management chief and its chief innovation officer were among eight Trump national security nominees the Senate confirmed late Thursday. Lisa Gordon-Hagerty was confirmed as the undersecretary for nuclear security at the Department of Energy, the top job for managing America's arsenal of nuclear warheads. Previously on the National Security Council, Gordon-Hagerty replaces Frank Klotz, the retired Air Force general who has been in the job since 2014. ([Defense News](#))

### **EXECUTIVE BRANCH**

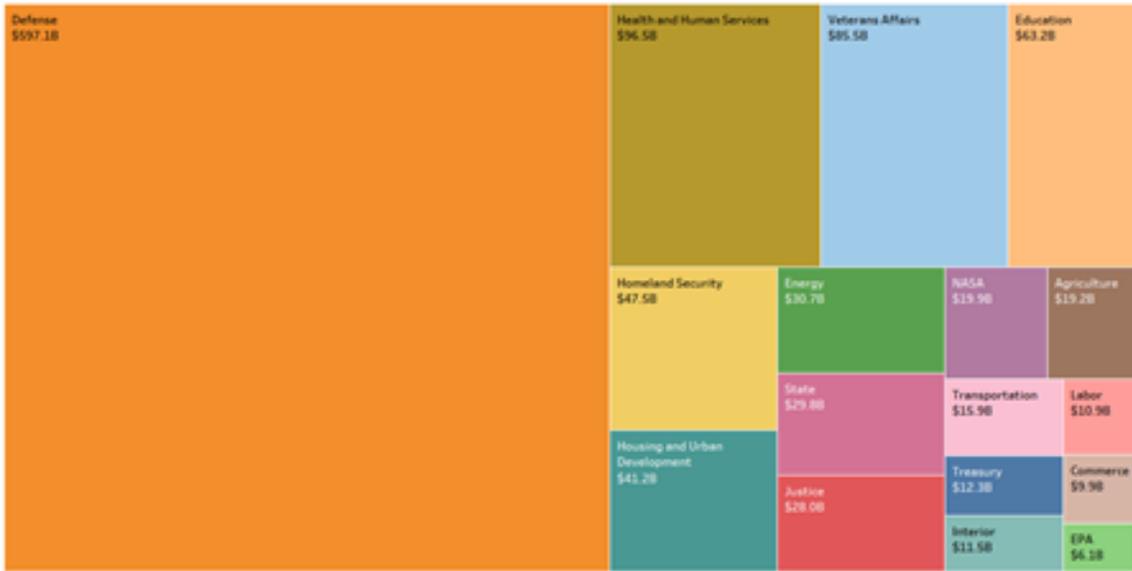
#### *Trump Administration Fiscal Year 2019 Budget*

**Budget Proposal Focuses on Defense, Homeland Security Spending:** President Trump released his 2019 budget proposal last Monday calling for increased spending on the military, border security and the opioid crisis. The budget calls for \$716 billion in defense spending in 2019, in line with the congressional budget deal. The White House is also proposing stepped-up spending on border security, including \$18 billion over the next two years for a wall along the Southern border with Mexico. In addition, the president wants funding for 750 more Border Patrol agents, 2,000 more ICE officers and 52,000 detention beds — a 25 percent increase from 2017. The budget includes an ambitious, \$1.5 trillion infrastructure program, although the bulk of the money for rebuilding roads, bridges and other projects would have to come from state and local governments or the private sector. ([NPR](#))

**Trump's Budget Calls for Cuts to Domestic Programs:** President Donald Trump unveiled a \$4.4 trillion budget plan that envisions steep cuts to America's social safety net but mounting spending on the military, formally retreating from last year's promises to balance the federal budget. Trump's budget revived his calls for big cuts to domestic programs that benefit the poor and middle class, such as food stamps, housing subsidies and student loans. Retirement benefits would remain mostly untouched by Trump's plan, as he has pledged, though Medicare providers would absorb about \$500 billion in cuts — a nearly 6 percent reduction. Some beneficiaries in Social Security's disability program would have to re-enter the workforce under proposed changes to eligibility rules. ([ABC News](#))

These graphics from National Journal provide some high-level analysis on the FY19 budget request:

# Trump's 2019 funding proposal (in \$ billions)



Source: The Congressional Budget Office, Washington Post

February 13, 2018 | The Gridman

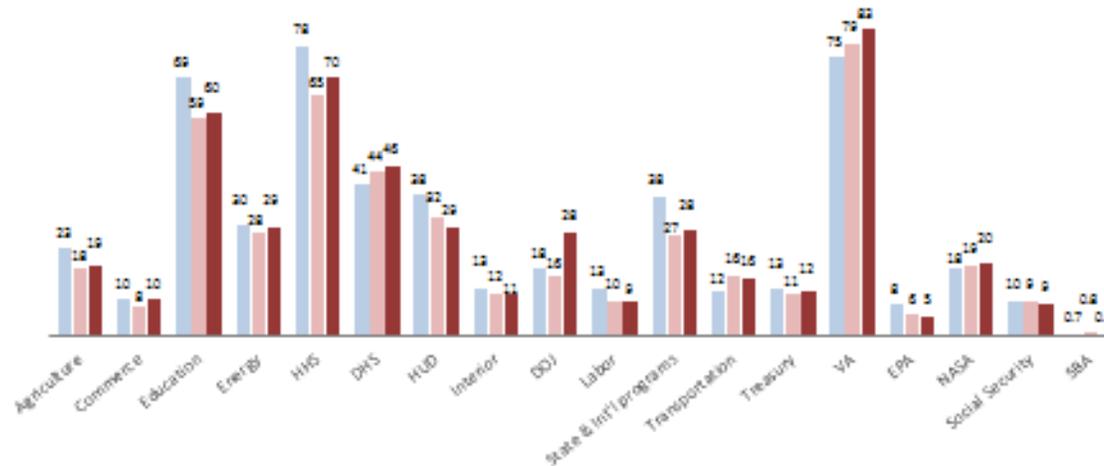
1

## President Trump's FY2019 budget request increases funding for most agencies over his FY2018 request

### Overview of the FY19 budget request

IN BILLIONS OF DOLLARS

■ FY17 request (Obama) ■ FY18 request (Trump) ■ FY19 request (Trump)



Source: The National Journal Research, 2018

February 07, 2018 | Social Media

1

#### HHS

**Trump Calls for \$18 billion Cut to HHS Funding:** President Trump last Monday unveiled his \$4.4 trillion fiscal 2019 budget proposal that includes sharp cuts for HHS funding. Trump's proposed budget allocates \$68.4 billion to HHS, a 21% decrease or \$17.9 billion less than what the agency received in fiscal 2017. ([Modern Healthcare](#))

**160 Organizations Tell HHS They Oppose Medicaid Work Requirements:** Last month, the Department of Health and Human Services (HHS) issued guidance for states on designing work requirements in Medicaid, which marked a major conservative shift for the health insurance program for low-income and poor Americans. The department has since greenlighted such measures in Kentucky and Indiana, allowing the states to impose a community engagement requirement — meaning certain Medicaid beneficiaries must be involved in such activities like work, volunteer, be enrolled in job training or school in order to obtain Medicaid coverage. ([The Hill](#))

**Proposed NIH Budget Stay Flat:** In the FY19 budget request, funding for the National Institutes of Health would total \$34.7 billion, roughly unchanged from 2017, but likely a cut from the proposed 2018 level that is yet to be completed. NIH's proposed budget would go up slightly by \$538 million over 2017, but it would absorb three Department of Health and Human Services agencies that fund research on health care quality, occupational health, and disabilities. They would be separate institutes at first, but their activities could later be integrated into NIH's existing 27 institutes and centers. ([Science Magazine](#))

#### DOJ

**Justice Department's \$28 Billion Budget Reflects Sessions's Priorities:** The Justice Department's \$28 billion budget proposal reflects Attorney General Jeff Sessions's priorities to fight the opioid crisis and crack down on illegal immigration with millions of additional dollars going toward new immigration judges and attorneys working on border security. ([The Washington Post](#))

**Mueller Accuses Russians of Pro-Trump, Anti-Clinton Meddling:** In an indictment announced Friday in Washington, Mueller describes a years-long, multimillion-dollar conspiracy by hundreds of Russians aimed at criticizing Hillary Clinton and supporting Senator Bernie Sanders and Trump. Mueller charged 13 Russian nationals and three Russian entities and accused them of defrauding the U.S. government by interfering with the political process. ([Bloomberg](#))

---

## DOD

**Trump's 2019 Defense Budget Request Seeks More Troops and Firepower to Deter Threats:** The Trump administration's national security budget of \$716 billion in fiscal 2019 would add more troops, combat aircraft and start rebuilding the Navy fleet while also supporting modernization of the nuclear triad and boosting research spending for cyber, electronic warfare, artificial intelligence and space. ([CNBC](#))

**White House Says North Korea "Bloody Nose" Strike Off the Table:** The possibility of an attack North Korea from the U.S. is no longer under consideration by the White House, reports Reuters. Why it matters: The strategy, in which the U.S. would hone in a limited attack on North Korean targets, received backlash from intelligence officials and others who warned of the dangers of such a response. "Our preference is to achieve denuclearization of the Korean Peninsula through a diplomatic settlement, but we will reach this goal one way or another," Susan Thornton, assistant secretary for east asian and pacific affairs told Reuters. ([Axios](#))

## Trade

**Section 232 Decisions – Department of Commerce Recommends Tariffs on Steel and Aluminum:** On Friday, the Department of Commerce (Commerce) released its reports in the Section 232 investigations on steel and aluminum. In both cases, Commerce found that steel and aluminum imports are weakening the U.S. internal economy, and threaten to impair national security. Commerce has recommended remedies by way of tariffs and quotas. ([Clark Hill Insight](#))

## Labor

**Trump Calls for 'Reskilling' Federal Workforce, Firing 'Overhaul' and Reducing Union Influence:** President Trump proposed major reforms to the civil service in his fiscal 2019 budget request, focusing on streamlining the hiring and firing process, transitioning current employees to new federal jobs and minimizing the influence of labor groups. The blueprint largely did not spell out the specifics in these areas, but laid out a broad vision for a "modern workforce." The budget repeatedly noted the president's priority to trim agency rolls across government, but also suggested agencies find new positions for workers whose jobs have or will become obsolete. ([Government Executive](#))

**How Soon Will You Be Working From Home?:** Work today is increasingly tied to routine rather than a physical space. Unsurprisingly, more and more, companies in the US allow their employees to work beyond a specifically designated space. The number of telecommuters in 2015 had more than doubled from a decade earlier, a growth rate about 10 times greater than what the traditional workforce registered during the same period. Experts, however, quickly point out that telecommuting's growth also faces numerous challenges. Cultural barriers in traditional companies, reliable technology, labor laws, tax policies and the public's own perception about telecommuting will need adjusting to a more mobile workforce. ([US News](#))

**Trump Campaign Ethic Rules Do Not Violate the National Labor Relations Act:** In the political world, campaigns sometimes forget that they are businesses subject to state and federal employment laws. Driving this reality home last Tuesday, the National Labor Relations Board's Office of General Counsel released an October 31, 2017 Advice Memorandum recommending dismissal of charges against various Donald Trump organizations. The charges alleged that the Trump organizations promulgated and maintained overbroad ethics policies in violation of Section 7 of the National Labor Relations Act. ([Clark Hill Insight](#))

**OFCCP Sends One Thousand Contractors Scheduling Announcement Letters:** On February 1, 2018, the Office of Federal Contract Compliance Programs (OFCCP) sent Corporate Scheduling Announcement Letters (CSAL) to 1,000 federal contractors notifying the contractors that the OFCCP might conduct audits of specific contractor's establishments in 2018. The CSAL is not notification of an audit – it is meant to assist contractors by providing them with advance notice of a possible audit. On March 19, 2018, the OFCCP will send audit letters to the contractors' establishments that are chosen for an audit. ([Clark Hill Insight](#))

## Transportation

**Trump Launches \$1.5 Trillion Infrastructure Sales Pitch:** The White House finally rolled out President Trump's long-awaited infrastructure plan last week, swinging for the fences with a \$1.5 trillion initiative that is light on new federal dollars (\$200 billion) — but could inspire a wave of toll roads, ease decades-old regulations and permanently change cities' and states' expectations for assistance from Washington. Later in the week he also signaled that he was open to increasing the gas tax to 25 cents per gallon as a way to finance part of the plan, which is opposed by many Republicans on the Hill. Democrats, meanwhile, are criticizing the White House's push to dramatically speed up the federal permitting process for infrastructure projects — and warning that the Senate won't go along with any effort to impose arbitrary time limits on regulatory reviews. ([Politico](#))

## DOE

**Trump Seeks to Cut Energy Department Loan, Research Programs:** The Trump Administration last Monday proposed significantly slashing a handful of controversial loan and research programs at the Department of Energy. The cuts to programs meant to help develop innovative energy technologies, which President Trump outlined in his budget request for fiscal 2019, come after he proposed eliminating them all last year. ([The Hill](#))

**DOE Forms a New Office Dedicated to 'Energy Infrastructure Security':** Secretary of Energy Rick Perry announced the launch of a new Office of Cybersecurity, Energy Security, and Emergency Response at the U.S. Department of Energy on Wednesday. The CESER office will focus on "energy infrastructure security" and support the "expanded national security responsibilities" assigned to the DOE, according to a press release. The office will also

---

"enable more coordinated preparedness and response to natural and manmade threats." ([Green Tech Media](#))

NASA

**NASA Budget Proposal Seeks to Cancel WFIRST Mission:** The Trump Administration is offering \$19.9 billion for NASA in its fiscal year 2019 request, while seeking to cancel a flagship astronomy mission and end NASA funding of the International Space Station in 2025. A key cut included in the proposal, released Feb. 12, is cancelling the Wide-Field Infrared Survey Telescope, the agency's next flagship astrophysics mission after the James Webb Space Telescope. NASA had been in the midst of revising the mission's design to lower its costs from an estimated \$3.9 billion to \$3.2 billion ([Space News](#))

**NASA Budgets for a Trip to the Moon, but Not While Trump is President:** Sending astronauts back to the moon is now one of the top space priorities for President Trump. But his administration wants to accomplish that with giving NASA additional money, and it won't occur until after he leaves office, even if he wins re-election. Instead, it aims to give the private sector a greater role. ([The New York Times](#))

White House

**White House: We're Open to Working with Congress on Security Clearance Process:** The White House will work with congressional investigators on ways to potentially "reform and fix" the Trump administration's security clearance process, principal deputy press secretary Raj Shah said Friday amid calls from lawmakers for staffers to disclose additional information on background checks. ([Politico](#))