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# Window on Washington - January 8, 2018 Vol. 2, Issue 1

Jan 08, 2018

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

**Budget Talks Continue.** Another short-term continuing resolution is all but guaranteed as the current continuing resolution will expire later this month and budget talks last week did not result in a deal or hint at one in the near future. As the list of items to attach to the final FY18 spending agreement grows, any legislation cannot be completed well into February at the earliest since once an agreement is reached, it will take weeks to write, score and pass the bill. In order to get a deal on the FY18 spending agreement, Democrats and Republicans need to agree on increasing the spending caps to avoid sequestration. A two-year spending cap increase is likely, and Democrats are proposing an increase of \$108B for each of the years and Republicans are proposing \$90B. The division between defense and non-defense spending differs between the two parties as well with Democrats asking for parity and Republicans proposing at least 60/40 defense.

**DACA Talks Stalling?** While in public, the White House and Congress have recently been touting progress being made towards a deal on DACA but negotiations might not be going that well behind closed doors. Two Senate Republicans who had been in talks with Democrats released an unusually downcast statement about the lack of progress in the private negotiations and have stopped attending the meetings. Another meeting between the White House and Congress is scheduled to occur this week to discuss an immigration agreement which would combine DACA with border security, the wall and the reform of certain immigration programs. However, the White House has still not provided details on the provisions it would want included in the deal.

**HigherEd Reauthorization Process Underway.** The House Education and Workforce Committee approved its bill, the PROSPER Act, with a party-line vote shortly before the December recess. The Senate Health, Education, Labor and Pensions Committee leadership is negotiating its own version and plans to release bill text by March and report a bill to the floor in April. While progress is occurring on the first higher education overhaul in a decade, the chances of its completion in 2018 are uncertain. Universities have major concerns regarding the House bill and its elimination of certain grant and loan programs that could potentially jeopardize the bill's passage on the floor if not addressed. Senate negotiations have just begun and a number of historically tricky issues will need to be addressed including sexual assault on campuses, accountability for colleges based on student success and lowering the cost of college.

## Window on Washington - Last Week in the Nation's Capital

### Congress

#### *Tax Reform*

**State Governments are Already Trying to Game the Republican Tax Overhaul:** Before the ink was dry on the Republican tax bill signed into law late last month, experts predicted that state governments would try to shield their residents from tax hikes they'll suffer from a sharp reduction in state and local deductions. It didn't take long, as California and New York start exploring work arounds. ([Bloomberg](#))

**Republicans are Already Acknowledging they Need to Fix their Gigantic Tax Law — but that Could be Impossible:** The Republican tax bill officially became the law of the land last Monday, when most of its changes to the tax code went into effect. Though most Americans won't notice major changes until they file their 2018 taxes next year, some of the bill's effects will become clear in shorter order, and as with any other law that significantly tweaks an existing system, this one is likely to require a series of technical fixes for any hiccups that pop up along the way. ([Business Insider](#))

#### *Debt Ceiling*

**Congress Planning for Possible Debt Ceiling Vote in February:** Congressional leaders will seek to lift the U.S. debt limit in February by attaching a measure to a government funding bill according to a House Republican familiar with the budget talks. ([Bloomberg](#))

#### *Budget*

**Congress and White House Meet on FY18 Budget:** Congressional leaders emerged from closed-door talks with Trump administration officials last week claiming progress toward a budget deal but without any breakthroughs to announce — with less than three weeks to go before another government funding deadline. Republicans from the House, Senate and White House issued a joint statement that highlighted their support for higher defense spending and criticized any effort by Democrats to insist on including protections for young undocumented immigrants in a budget deal. House Minority Leader Pelosi said after the meeting, she was hopeful the negotiations are making progress. ([Politico](#))

#### *Justice*

**House and DOJ Reach Agreement on Russia Probe Documents:** After House Intelligence Committee Chairman Nunes threatened more drastic action if his panel continued to be denied access to DOJ information, the House and Justice Department reached a deal to provide the probe into Russian election meddling long-sought documents and access to key witnesses. ([The Hill](#))

**Republican Senator Threatens to Put Holds on DOJ Nominees:** In response to the Department of Justice's reversal on enforcing federal laws related to

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marijuana use, Senator Gardner of Colorado promised he would place holds on all nominees for the Justice Department until Attorney General Sessions agrees to change the policy back. According to Gardner, Sessions had previously promised him that the Department of Justice would not change the Obama policy on marijuana. ([CNBC](#))

#### *Health*

**Congressional Action on 340B Program Likely:** In response to a federal court dismissing a lawsuit to stop the cuts to the 340B program from being implemented, many lawmakers are continuing to push for Congress to take some sort of action. Lawmakers may release a series of bills or a single, more comprehensive bill aimed at revamping the program through new reporting requirements. ([Modern Healthcare](#))

#### *Natural Resources*

**Lawmakers Sending Letter to Zinke to Oppose Offshore Drilling:** Two Florida lawmakers are teaming up to oppose the Trump administration's proposed plan to expand offshore drilling around the state, citing the 2010 Deepwater Horizon oil spill. ([The Hill](#))

#### **Executive Branch**

##### *EPA*

**Sources: EPA Moving Quickly to Write New Climate Rule in 2018:** EPA staffers are under orders from the Trump administration to complete a replacement for former President Barack Obama's major climate change rule by the end of the year, far faster than the normal pace the agency uses to develop major regulations, according to three sources familiar with the process. ([Politico](#))

##### *Labor*

**The Real Future of Work:** Forget automation. The workplace is already cracking up in profound ways, and Washington is sorely behind on dealing with it. Over the past two decades, the U.S. labor market has undergone a quiet transformation, as companies increasingly forgo full-time employees and fill positions with independent contractors, on-call workers or temps—what economists have called “alternative work arrangements” or the “contingent workforce.” Most Americans still work in traditional jobs, but these new arrangements are growing—and the pace appears to be picking up. ([Politico](#))

##### *DOJ*

**DOJ Deals Major Blow to Legal Marijuana Industry:** The Department of Justice announced that it will be rescinding an Obama Administration policy to not interfere with state laws allowing for the use and sale of marijuana for recreational and medicinal purposes. Details are still unknown for how this change would be enforced. ([USA Today](#))

##### *Banking/Housing*

**The Formidable Fannie and Freddie:** Is Multifamily Lending Set for a Slowdown in 2018? Lenders under the umbrella of the Fannie Mae Multifamily Delegated Underwriting and Servicing program have been setting records over the last couple of years, stepping to the forefront of the lending arena and delivering substantial amounts of debt across all multifamily property types. In the current multifamily market environment, that volume and competition could create a problem, and a slowdown may be on the way. Analysts warn of overly competitive markets, stagnant rents in gateway cities, compressed cap rates, plateaued absorption rates and an oversupply of certain assets (such as luxury condominiums) culminating and pumping the brakes on the sector in 2018. ([Commercial Observer](#))

**Hatch Retirement Paves Way for Makeover Atop Senate Banking Panel:** The recent announcement by Sen. Orrin Hatch that he will retire at the end of the year could have a ripple effect throughout the Senate, including the leadership of the Banking Committee. Current Senate Banking Committee Chairman Mike Crapo is third in seniority among Republicans on the Finance Committee, and he may want to trade up to what is viewed as a more prominent chairmanship, leaving an opening atop the banking panel. That could in turn affect the committee's agenda on everything from reforming the government-sponsored enterprises to regulatory reform, should Senator Toomey of Pennsylvania take over the role. ([American Banker](#))

##### *HHS*

**Trump Administration to Allow Work Requirement for Medicaid:** The Trump Administration is preparing to release guidelines soon for requiring Medicaid recipients to work. The guidelines will set the conditions for allowing states to add work requirements to their Medicaid programs for the first time. ([The Hill](#))

**CDC Announces Briefing on Government's Preparations for Nuclear Attack:** The Centers for Disease Control and Prevention posted a notice for a briefing about the work that federal, state and local governments are doing in case of a possible nuclear strike. The briefing is part of a monthly series that CDC hosts and was announced before the President's tweets about the nuclear button. ([Politico](#))

##### *Transportation*

**Five Obstacles to Trump's Infrastructure Ambitions:** The President plans to put his long-awaited infrastructure package at the top of his 2018 agenda, eager to notch another legislative victory now that he's signed a major tax overhaul. The White House will unveil “detailed legislative principles” in January outlining Trump's infrastructure vision, which lawmakers will use as a blueprint to craft a bill while Trump works to sell the idea to the public, state and local

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officials and members of Congress. However, the ambitious rebuilding effort could face roadblocks in both parties, with Republicans concerned about new government spending and Democrats wary of handing Trump another win. ([The Hill](#))

**Chairman Shuster Will Not Run for Reelection, Wants to Strike Deal with Trump on Infrastructure Before Leaving:** Representative Bill Shuster is term-limited as chairman of the House Transportation and Infrastructure Committee, will not seek a ninth full term in 2018, leaving behind a safe Republican seat. He hopes to cement his legacy as Chairman by helping President Trump pass a large infrastructure investment package. Republican committee members Sam Graves of Missouri and Jeff Denham of California have both said they'll seek to succeed Shuster in 2019. ([Roll Call](#))

#### *Interior*

**Trump Opens Vast Waters to Offshore Drilling:** In a striking about-face, the Interior Department announced yesterday that it wants to allow drilling in nearly all U.S. waters, the single largest expansion of offshore oil and gas leasing ever proposed by the federal government. The agency said it will hold 47 lease sales in every region of the outer continental shelf but one between 2019 and 2024. The updated five-year plan, required by President Trump in an executive order in April, puts regions that were long off-limits to oil and gas development back in play. ([Scientific American](#))

#### *CFPB*

**GOP Senator Calls for Probe into 'Flawed' Vetting Process for CFPB Official:** Sen. Ron Johnson on Thursday called on a federal watchdog to review the "flawed" process in which Leandra English jumped from a position as political appointee to serving as a senior career civil servant at the Consumer Financial Protection Bureau. ([The Hill](#))

#### *NASA*

**New Draft Earth Sciences Decadal Report Released:** NASA, NOAA and the United States Geological Survey should implement a coordinated approach for their space-based environmental observations to further advance Earth science and applications for the next decade, says a new draft "Earth Science Decadal Report" by the National Academies of Sciences. This approach should be based on key scientific questions in areas such as reducing climate uncertainty, improving weather and air quality forecasts, predicting geological hazards, and understanding sea-level rise. ([The National Academies](#))

**Report Calls for ISS Research Transition Plan and Use of Alternative Platforms:** With utilization of the International Space Station reaching a maximum, and with its long-term future uncertain, a recent report recommends that NASA develop transition plans and make use of alternative platforms, including commercial vehicles, to carry out critical microgravity research. The midterm assessment of the 2011 decadal survey on life and physical sciences research at NASA, released by a committee of the National Academies Dec. 15, supported efforts by NASA to increase research on the ISS, but warned the agency needed to act soon to develop a transition plan for such research after 2024. ([Space News](#))

#### *Education*

**Estimating the Endowment Tax's Future:** No one is sure exactly how many colleges and universities will have to shell out under a new excise tax in the revamped tax code, as key definitions and details have yet to be decided. But the number seems likely to rise in the future as endowment values grow. ([Inside Higher Ed](#))

#### *White House*

**White House Details Demands as Part of DACA Deal:** The Department of Homeland Security on Friday sent a key group of senators the Trump Administration's list of priorities for any immigration deal. The seven-page document includes the U.S.-Mexico border wall, tightening the rules for allowing unaccompanied minors to enter the country and limiting "chain migration," which allows citizens and permanent residents to sponsor family members. ([The Hill](#))