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Outlook for This Week in the Nation's Capital

Senate Appropriations. This week, the Senate will continue debate on the minibus containing the Interior-Environment, Financial Services, Transportation-HUD and Agriculture-FDA appropriations bills. The Senate was originally expected to vote on the legislation last week but it stalled after a disagreement arose on an amendment that would add funding to provide aid to states to secure election systems. Republicans are opposed to the amendment saying states would not have enough time to use the funds before the November elections. After the Senate wraps up this minibus, it is likely to begin work on a package that would combine the Defense and Labor-Health-Education appropriations bills. Republican leadership has said that President Trump is not opposed to this idea.

Recess and Rest of Year. The House left for August recess last week and does not plan to return until September 4. The Senate is currently scheduled to only be out of session the week of August 5. The House and Senate will both take longer recess periods in the fall in advance of the midterm elections. This means that Congress has only 35 joint legislative days (days when both the House and Senate are in session) remaining in 2018. Between now and the end of the year, there are numerous pieces of legislation that House and Senate leadership want to pass in addition to the annual appropriations bills including tax-extendors, the opioid package, the Federal Aviation Administration reauthorization, the Land and Water Conservation Fund reauthorization, and a new five-year farm bill. The Senate also will consider the Kavanaugh nomination to the Supreme Court.

Last Week in the Nation's Capital

CONGRESS

Budget

- **Appropriations Committee Approves Fiscal Year 2019 Homeland Security Funding Bill:** The House Appropriations Committee approved the fiscal year 2019 Department of Homeland Security (DHS) Appropriations bill on a vote of 29-22. The bill targets critical programs such as aviation security, border and immigration enforcement, customs activities, protection against cyberterrorism, natural disaster response, and efforts to stop the smuggling of drugs and people into the U.S. In total, the legislation directs \$51.4 billion in discretionary funding for DHS, an increase of \$3.7 billion above the fiscal year 2018 enacted level. ([House Appropriations Committee](#))
- **House Appropriations Rebuffs Trump Administration on Immigrant Asylum Claim Policy:** The House Appropriations Committee passed a measure that would essentially reverse Attorney General Jeff Sessions' guidance earlier this year that immigrants will not generally be allowed to use claims of domestic or gang violence to qualify for asylum. The provision was adopted as part of a larger spending bill that funds the Department of Homeland Security, an already contentious measure because of disputes over funding for President Trump's border wall. But one influential Senate Republican and ally of the White House warned that keeping the asylum provision could sink the must-pass funding bill. ([The Washington Post](#))

Health

- **House Lawmakers Want Federal Probe of Drug Middlemen Mergers:** The House Energy and Commerce Committee wants the Trump administration to probe how mergers of drug middlemen called pharmacy benefit managers has affected drug prices for consumers. The committee sent a letter to the Federal Trade Commission calling for a retrospective review of mergers of pharmacy benefit managers, which oversee drug plans for employer and union-sponsored health plans. ([Washington Examiner](#))
- **Senate Panel Approves Bill Banning 'Gag Clauses' in Pharmacy Contracts:** The Senate Health Committee approved a bill banning "gag clauses" that prevent pharmacists from telling customers when they can save money on prescriptions by paying with cash instead of insurance. Such clauses are sometimes inserted into contracts pharmacies have with insurers or pharmacy benefit managers — the middlemen that manage pharmacy benefits for insurance companies and employers. ([The Hill](#))

Tax Reform

- **Tax Reform 2.0: Here's What We Know So Far:** The Tax Cuts and Jobs Act was the most significant change to the tax code in the United States in three decades, but it looks as if Congress isn't done yet. The House Ways and Means Committee recently released a framework for the so-called "Tax Reform 2.0." While the two-page framework is light on details, it does give us a good idea of what changes could potentially be implemented if the second round of tax reform is successful. Instead of a single tax reform bill, Tax Reform 2.0 will be a series of three bills, each with its specific focus. ([Fool](#))

Defense

- **U.S. Defense Policy Bill Clears House, Rockets to Senate:** U.S. Senate lawmakers are expected to finalize Congress' annual defense authorization bill early this week following the House's passage of the measure on July 26. The House easily adopted the compromise draft of the annual military policy bill by a vote of 359-54. The \$716 billion, 1,800-page legislation includes a 2.6 percent pay raise for troops next January, a

boost in military end strength of 15,600 service members, more aircraft and ships than the Pentagon requested and an overhaul of the military's officer promotion system. ([Defense News](#))

Homeland Security

- **Homeland Security Committee Forwards Bill to Prevent the Next Kaspersky:** The Homeland Security Department would have broad authority to bar technology contractors that officials believe pose cybersecurity and national security risks under legislation forwarded by the House Homeland Security Committee. The bill, which would only apply to Homeland Security contracts, would generally require the department to notify contractors before a ban and allow them to protest the ban or make efforts to mitigate the problem. That notification could be skipped if the danger warranted it, however. The bans could not be challenged by a federal court or through the Government Accountability Office's bid protest process, according to the bill. ([NextGov](#))

Labor & Workforce

- **Career and Technical Education Reauthorization Bill Rockets to Trump's Desk:** Now that the House and Senate have acted to pass the bill, the President's signature is expected shortly. The law, known as the Carl D. Perkins Career and Technical Education Act, governs more than \$1 billion in grants to states and hasn't been updated since 2006. The revamped legislation would eliminate a negotiation process between states crafting goals for their career and technical education programs and the Education Secretary, who approves those plans. Instead, states would set their goals and the secretary would approve them, assuming they meet the law's requirements. The bill would also require states to make "meaningful progress" toward their goals. ([Politico](#))
- **Stage Set for Federal Unions' Legal Challenge Against Trump's Executive Orders:** The stage is set for a major battle involving President Trump's aggressive attack on federal labor organizations, which has already weakened their operations. In courtroom 17 of the U.S. District Court for the District of Columbia, Judge Ketanji Brown Jackson heard oral arguments last Wednesday in the case of federal unions seeking judicial rejection of anti-union executive orders that Trump issued in May. The litigation challenges Trump's authority to restrict collective bargaining and the ability of labor leaders to represent not just their members but all employees in a bargaining unit, regardless of whether they pay dues. ([The Washington Post](#))

Cybersecurity

- **Congress Wants DOD to Hold a National Cyber Response Exercise:** If the U. S. were to fall victim to a large-scale cyberattack that took out critical infrastructure, the Department of Defense (DOD) could turn to little-used authorities to assist federal civilian agencies with its response. Under a proposal in a new conference report from the annual defense policy bill, the DOD must hold a high-level exercise and walk through how they would support civilian agencies. The bill states the exercise must include department-level leadership and decision making for providing cyber support to civil authorities, testing of the policy, guidance and doctrine for cyber-incident coordinating, operational planning and execution by the Joint Staff. The event would be coordinated with the Department of Homeland Security, the Federal Bureau of Investigation, and elements across federal and state governments and the private sector. ([Fifth Domain](#))

Natural Resources

- **Bipartisan Lawmakers Introduce Bill to End National Parks Maintenance Backlog:** The chairman and ranking member of the House committee that oversees the Interior Department teamed to introduce a bill that aims to fix a multibillion-dollar national parks maintenance backlog. House Natural Resources Committee Chairman Rob Bishop (R-Utah) and ranking member Raúl Grijalva (D-Ariz.) introduced the Restore Our Parks and Public Lands Act to address the roughly \$12 billion dollars in maintenance needed at national parks across the U.S., including road and visitor center construction needs. The House bill, largely seen as a companion to a *bipartisan Senate bill* introduced in June, would fund the needed construction projects by earmarking revenue made from energy production on public lands, including income from onshore and offshore oil and gas leases. ([The Hill](#))

Transportation

- **House GOP Chairman Introduces Draft of Infrastructure Plan:** Rep. Bill Shuster released a draft of a long-awaited infrastructure plan that addresses possible funding sources for a number of potential projects, and levies taxes on multiple fuel sources. The bill calls for significant federal investment in infrastructure projects and grant programs through at least 2021. It includes billions of dollars in grant funding, as well as trillions in appropriations for projects of national significance, though the numbers — along with the rest of the proposal — are subject to change. ([The Hill](#))

Space, NASA & NOAA

- **Revised Space Weather Bill Clears House Committee:** The House Science, Space, and Technology (SS&T) Committee approved a new version of space weather legislation yesterday. It is significantly different from the bill that passed the Senate last year and another that was introduced in the House. The goal of codifying government agency roles and responsibilities for space weather research and forecasting remains the same, but the new bill designates the National Space Council as the coordinating entity and establishes a pilot program for obtaining space weather data from the commercial sector. ([Space Policy Online](#))

Agriculture

- **Senate and House Ag Committee Leaders Meet to Discuss Farm Bill:** Last week, U.S. Senate and House Agriculture Committee leadership met to discuss the 2018 Farm Bill prior to full Conference Committee discussions. A full meeting of the Conference Committee will be announced at a later date. ([Senate Committee on Agriculture Press Release](#))

Bureau of Consumer Financial Protection

- **Law Firm Trial Victory Should Signal to the Bureau of Consumer Financial Protection that They Should No Longer Attempt to Regulate the Practice of Law:** On Wednesday, July 25, 2018, a United States District Court Judge in the Northern District of Ohio ruled, after a four day jury trial, that the Bureau of Consumer Financial Protection (Bureau) failed to prove that an Ohio debt collection law firm had misled consumers by sending demand letters using the firm's letterhead. The Court also found that the Bureau failed to prove that the law firm was not meaningfully involved in the debt collection process. The trial brings to a close a four-year investigation and enforcement action against the law firm of Weltman, Weinberg & Reis. More importantly, the result in this case calls into question whether the Bureau should investigate or bring future enforcement actions against collection law firms. ([Clark Hill Insight](#))

EXECUTIVE BRANCH

Health

- **Hundreds of Migrant Children Remain in Custody, Though Most Separated Families Are Reunited:** At the expiration of a court deadline to reunite migrant families separated during its "zero tolerance" border crackdown, the Trump administration said that it has delivered 1,442 children to parents detained in immigration custody, and is on track to return all of those deemed eligible for reunification. But 711 children remain in government shelters because their parents have criminal records, their cases remain under review or the parents are no longer in the United States, officials said. ([The Washington Post](#))
- **CMS Proposes Slashing Clinic Visit Payments as Part of Site-neutral Policy:** In a massive outpatient payment rule, the CMS proposed expanding its site-neutral payment policy to clinic visits, a move that could save the agency hundreds of millions of dollars. Clinic visits, or checkups, are the most common service billed under the outpatient pay rule. The CMS often pays more for the same type of clinic visit in the hospital outpatient setting than in the physician office setting. ([Modern Healthcare](#))
- **Trump Administration to Push Forward on Medicaid Work Requirements after Court Loss:** The Trump administration said it would continue approving Medicaid work requirement requests from states, despite a district court ruling last month that blocked such requirements in Kentucky. Health and Human Services Secretary Alex Azar said the ruling was a "blow" to the administration's efforts to encourage work among "able-bodied" adults in the Medicaid program, but said he is "undeterred" and proceeding forward." ([The Hill](#))
- **NIH Expands Program that Conducts Large-scale Clinical Trials in Real-world Settings:** The National Institutes of Health's Health Care Systems (HCS) Research Collaboratory, which involves health care systems in conducting large-scale clinical studies, has announced five new research awards — totaling \$4.15 million for a one-year planning phase, with an estimated \$30.85 million expected for four subsequent years of study implementation. ([NIH News Releases](#))

Banking & Housing

- **Learning the Right Lessons From the Financial Crisis:** A new book, "The Fed and Lehman Brothers," by Laurence M. Ball, an economist at Johns Hopkins University, casts doubt on the prevailing narrative about the 2008 financial crisis. Mr. Ball does not excuse the financiers from starting the trouble, but he also draws attention to the policymakers who, in his view, failed to do their jobs at a crucial moment. Looking ahead, Mr. Ball is worried about the next financial crisis. One reason is that the Dodd-Frank Act has increased restrictions on Fed lending, making it harder for the Fed to act as lender of last resort. ([The New York Times](#))

Defense

- **JEDI \$10B Final Request Drops – and it's Still Single Award:** The Department of Defense released the *final request for proposals* for its \$10 billion combat cloud contract, moving forward with its controversial plans to award the solicitation to a single vendor. The package's document titled "JEDI Single Award Determination and Findings" specifically singled out the need for artificial intelligence and machine learning as "fundamentally changing the character of war." "Leveraging AI and ML at scale and at a tempo relevant to warfighters requires significant computing and data storage in a common environment. Modern cloud computing capabilities can access, retrieve, manipulate, merge, analyze, and visualize data at machine speeds, providing substantial decision-making advantages on the battlefield," the document stated. "JEDI cloud is an acquisition for foundational commercial cloud technologies that will enable war fighters to better execute a mission that is increasingly dependent on the exploitation of information." ([Federal Times](#))
- **The Military Wants to Help Secure the Midterm Elections:** America's top uniformed military officer is offering to help secure the nation's election systems, according to a key lawmaker. Sen. Lindsey Graham, a South Carolina Republican on the Senate Armed Services Committee, said July 18 via Twitter that the Chairman of the Joint Chiefs of Staff General Joseph Dunford told him "the Department of Defense can help states in securing their election systems." The department is "capable of supporting local, state or federal departments or agencies in response to a request for assistance," as long as it is "legally available" and approved by the president or defense official, said Lt. Col. Jamie Davis, a spokesman for the department. The Department of Homeland Security is the lead federal agency in charge of election security. And experts are leery at the suggestion

the Defense Department could help defend state election systems. ([Fifth Domain](#))

DOT

- **DOT Announces Third Increment of Airport Infrastructure Grants:** The third increment of funding to the tune of nearly three-quarters of a billion dollars provides 569 grants to 522 US airports that will fund 949 infrastructure projects in the United States. This includes runways, taxiways, aprons, terminals, aircraft rescue and firefighting vehicles, and snow removal equipment in all 50 states and 5 US territories. ([eTurboNews](#))

Immigration

- **Trump Threatens U.S. Government Shutdown Over Border Wall:** President Trump said on Sunday he would allow the federal government to shut down if Democrats do not fund his border wall and back immigration law changes, betting that maintaining a hard line will work in Republicans' favor in November congressional elections. However, a disruption in federal government operations could backfire on Trump if voters blame Republicans, who control Congress, for the interruption in services. ([Reuters](#))

DOE

- **Research Aims at New Insights into Materials and Chemistry:** The U.S. Department of Energy (DOE) announced \$30 million in funding for 10 projects to advance research in the important and growing field of "ultrafast" science. The research efforts span both materials science and chemistry and will take advantage of new and emerging capabilities to probe materials and chemical processes at time scales of a quadrillionth of a second or less. The goal is to help speed discovery of new materials and chemical processes through better step-by-step observation and control of matter's behavior at atomic and molecular scales. While the research spans a range of topics, a major focus is preparing for the upgrade of America's premier installation for ultrafast science, the Linac Coherent Light Source, a DOE Office of Science user facility at SLAC National Accelerator Laboratory. ([DOE Press Releases](#))

Space, NASA & NOAA

- **NASA Weighs Delaying WFIRST to Fund JWST Overrun:** NASA Administrator Jim Bridenstine said July 25 that, in order to address the delays and cost overruns with the James Webb Space Telescope (JWST), the agency may seek to slow down development of another flagship astrophysics mission. Testifying before the House Science Committee in the first half of a two-part hearing on JWST, Bridenstine suggested that slowing down work on the Wide-Field Infrared Survey Telescope (WFIRST) until after JWST is launched could be a way to deal with JWST's increased cost while maintaining a "balanced portfolio" of large and small astrophysics programs. ([Space News](#))

DOJ

- **Sanctuary Cities Ruling a Setback for Justice Department:** The U.S. Justice Department (DOJ) may no longer withhold grants from Chicago as leverage against its policies of providing sanctuary to immigrants, a federal judge ruled. The city filed a lawsuit against Attorney General Jeff Sessions in August 2017 after the DOJ required Chicago and other sanctuary cities to provide 48 hours' notice before releasing from custody immigrants who entered the U.S. illegally. The DOJ also sought access to jails by federal agents and the sharing of citizenship information. U.S. District Judge Harry Leinenweber granted a permanent injunction against the three conditions and denied a DOJ motion to dismiss the lawsuit. According to the court's order, the limitation will remain in place until an appeals process will determine whether the injunction applies nationwide. ([Fox News](#))