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# Window On Washington - October 22, 2018, Vol. 2, Issue 42

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

**Recess.** The House and Senate remain in recess. However, the Senate Judiciary Committee held a hearing last week to consider judicial nominations and plans to hold another next week.

**Opioid Bill.** The White House will hold an event on Wednesday to sign the opioid bill into law. The bill authorizes funding for public health and law enforcement measures. The Senate sent the bill to the President last week.

**Election Update.** With just over two weeks until Election Day, a new [NBC News/Wall Street Journal poll](#) found Democrats hold a 9-point lead among likely voters over Republicans in congressional preference and President Donald Trump at his highest job rating yet as president.

## Last Week in the Nation's Capital

### CONGRESS

#### Budget

**McConnell Calls Deficit 'Very Disturbing,' Blames Federal Spending, Dismisses Criticism of Tax Cut:** Senate Majority Leader Mitch McConnell called the ballooning budget deficit "very disturbing" but said large federal spending programs were to blame, dismissing criticism that last year's GOP tax cuts are saddling the country with more debt. McConnell also said there was little chance Republicans would be able to cut government spending next year if they retained control of Congress because any changes would need leadership from Democrats. ([The Washington Post](#))

**McConnell Puts Low Odds on December Shutdown Over Border Wall:** Senate Majority Leader Mitch McConnell said a partial government shutdown in December is unlikely and that he and President Trump haven't discussed using one to force Democrats to agree to fund a wall on the southern border. Trump who has repeatedly called for a "good shutdown" to extract concessions from Democrats on the border wall. But the Senate leader said the House Republican-inspired shutdowns during the Clinton administration backfired as did a Democratic attempt to use one more recently to extend protections for child migrants. ([Bloomberg](#))

**The Other Spending War- Appropriations Race Gets Ugly:** The race to head the House Appropriations panel next year is intensifying behind the scenes, as Rep. Tom Graves (R-GA), a dark-horse candidate, makes headway in his long-shot bid for the position. Graves has recruited a half-dozen whips to help him muster votes, an unusual step for lawmakers seeking committee gavels. He's meeting with Cabinet-level officials and making friends with Trump advisers. And he's been flying around the country helping lawmakers keep their seats in hopes that it will help him as he tries to climb the ladder. ([Politico](#))

#### Health

**McConnell Says Senate Republicans Might Revisit Obamacare Repeal:** Republicans could try again to repeal Obamacare if they win enough seats in U.S. elections next month, Senate Republican Leader Mitch McConnell said, calling a failed 2017 push to repeal the healthcare law a "disappointment." McConnell's comments drew a sharp reaction from Senate Democratic leader Chuck Schumer and other Democrats, who have sought to portray the Republican healthcare effort as an attack on the middle class. ([Reuters](#))

#### Defense

**Will Congress Really Cancel U.S.-Saudi Arms Deals? It's Complicated, but Let Us Explain:** A growing chorus of U.S. lawmakers, mostly Senate Democrats, say it's time to cut the kingdom off. But President Donald Trump has repeatedly said that's a no-go, with \$110 billion in proposed deals hanging in the balance. The fate of the deal is uncertain but with the recent death of Khashoggi, Congress may take action to freeze or derail the deal. ([Defense News](#))

**Saudi Arabia is Losing Lindsey Graham, a Key Ally of U.S. Arms Sales:** Sen. Lindsey Graham, a key defender of U.S. arms sales to Saudi Arabia, has vowed never to work with the kingdom so long as Crown Prince Mohammed bin Salman is in charge — a strong sign of the political tide is taking a swift turn. ([Defense News](#))

### EXECUTIVE BRANCH

#### HHS

**Mary Mayhew Named to Head Nation's Medicaid Program:** Former Maine health commissioner and Republican gubernatorial candidate Mary Mayhew has been tapped by the Trump administration to lead Medicaid. Mayhew is best known for her seven years as commissioner of the Maine Department of Health and Human Services under Gov. Paul LePage. During her tenure, she played a major role in eliminating nearly 70,000 people from the state's Medicaid program and was an ardent opponent of expanding Medicaid. ([Portland Press Herald](#))

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**Trump Issues Rule to Require Drug Prices in TV Ads, Rejecting Industry Plan:** The Trump administration moved to require drugmakers to disclose prices in consumer ads, just hours after branding a pharmaceutical industry transparency plan as inadequate. HHS said its proposed rule fulfilled another prong of the president's blueprint to address pharmaceutical costs and would help Americans make more informed decisions that could lower out-of-pocket costs and those of government health programs like Medicare and Medicaid. ([Politico](#))

**'Vast Majority' of NIH Chimps to be Moved to Retirement Sanctuary:** The National Institutes of Health plans to move the "vast majority" of its chimpanzees formerly used for research to a sanctuary in Louisiana. The NIH released a slate of decisions laying out its plans for the hundreds of chimps that are still living in agency-supported research facilities. ([STAT News](#))

#### *Defense*

**Pentagon Criticized for 'Spray and Pray' Approach to Innovation:** A prominent tech leader with strong ties to the U.S. Department of Defense says the Pentagon needs to overhaul its investment strategy if it hopes to keep pace with China in integrating artificial intelligence and other cutting-edge technologies into its defense systems. Trae Stephens, a partner at the venture capital firm Founders Fund and the chairman of the tech company Anduril Industries, said the Pentagon tends to make small investments in a large number of commercial tech projects, a strategy he calls "spray and pray." ([Foreign Policy](#))

#### *Labor & Workforce*

**Full Employment? The Economy Isn't Acting Like It:** When unemployment fell to 3.7% in September, the lowest in almost 50 years, it was hard to know whether to cheer or tremble. A white-hot labor market means it's easy to get a healthy raise, which many workers could certainly use. Except that whenever unemployment has fallen anywhere near this low in the past 60 years, a recession has inevitably followed, often very quickly, and inflation has usually surged. All of which leads to a large question that turns out to be profound: Why is neither the good stuff nor the bad stuff happening? Pay isn't rocketing; the economy is booming, with no incipient recession apparent in at least the next few quarters; inflation remains subdued. ([Fortune](#))

**Public Unions Try to Hold the Line:** Though the Supreme Court's Janus ruling earlier this year was supposed to empty out their coffers, many government unions have yet to feel the full impact of the decision, which bars them from collecting fees from nonmembers. After decades of levying these charges, some unions remain flush with cash heading into this season's elections, and they're pouring millions of dollars into campaigns around the country—especially in Republican-controlled states—to raise taxes, expand government programs, increase mandates on businesses, and support political allies. Their efforts are a reminder that, for the time being at least, government unions remain a formidable force in American politics, waging battles for bigger, more expensive government. ([City Journal](#))

#### *DOE*

**U.S. Department of Energy to bring \$40 billion to POWER-GEN International:** After wallowing in limbo for the first part of 2018 awaiting re-authorization, the Loan Program Office (LPO) at the Department of Energy is back in business with about \$40 billion burning a hole in its proverbial pocket. Mike Reed, Director and Chief Engineer of the Technical and Project Management Division of the LPO and his team are planning to hit POWER-GEN 2018 in Orlando, Florida in December to identify people and projects that might need financing. ([Hydroworld](#))

#### *Space, NASA & NOAA*

**National Space Council to Meet on Space Force:** The White House body re-established by President Trump will meet on Tuesday to discuss and vote on the president's proposal to establish a separate branch of the military dedicated to space. The Pentagon is planning to submit Space Force legislation to Congress in February. ([Politico](#))

**NASA Issues Call for Payloads to go on Commercial Lunar Landers:** As NASA evaluates proposals for commercially developed small lunar landers, the agency is now seeking payloads that could fly on those spacecraft despite concerns from some scientists that they don't know if their experiments are compatible with those landers. NASA released Oct. 18 a formal solicitation for "Lunar Surface Instrument and Technology Payloads" that seeks experiments for flight on lander missions procured by the agency's Commercial Lunar Payload Services program. NASA plans to select 8 to 12 experiments next year for launch no earlier than 2020, with an overall budget of between \$24 and 36 million in the first year of the program. ([Space News](#))

**Soyuz Failure to Affect ISS Utilization:** With the International Space Station likely to have only a three-person crew for an extended period, researchers expect there will be less time devoted to research. The Oct. 11 failure of a Soyuz rocket two minutes after launch, forcing the Soyuz MS-10 spacecraft to abort and make an emergency landing, leaves the station with a three-person crew: commander Alexander Gerst of ESA, Serena Auñón-Chancellor of NASA and Sergey Prokopyev of Roscosmos. While no decisions have been made about when the Soyuz rocket will be able to resume crewed launches, most involved with the station program expect the station's crew to remain at three at least until December. For NASA, that means that only Auñón-Chancellor and Gerst will be available to perform experiments on the station's U.S. segment. There are usually three astronauts available to work on the U.S. segment, although for a time there were four, as NASA took advantage a Russian decision to temporarily reduce the size of its crew from three to two. ([Space News](#))

#### *Cybersecurity*

**On Cybersecurity, Many Local Governments Still Lack Strategic or Disruption Response Plans:** A majority of local government technology leaders

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have succeeded at developing training programs and culture around cybersecurity in their agencies, but still struggle to adopt plans around information security, according to recent data from the Public Technology Institute. Survey results from PTI's July-August 2018 survey of local government information technology executives indicated that 64 percent of respondents had indeed "developed security awareness training for workers and contractors," but just 35 percent reported their agencies had "adopted a cybersecurity strategic plan." ([State Scoop](#))

#### *Banking & Housing*

**Greenspan to the Fed: 'Put Earmuffs On,' Trump's Criticism is Nothing New for US Presidents:** President Trump's emphatic criticism of the Federal Reserve's interest rate actions really aren't so different from what his other recent predecessors have done, former central bank Chairman Alan Greenspan told CNBC on Thursday. Asked if he ever received input from any of the four presidents under whom he served, Greenspan said it happened "all the time." ([CNBC](#))

#### *White House*

**Trump's Budget Proposal May Cut Deeper than Advertised:** President Trump's new push to trim the proposed budgets of all federal agencies next year could prove more draconian than it sounds, amounting to a 25 percent cut for all nondefense programs compared to the current year. An across-the-board cut of 5 percent from all discretionary spending likely to be enacted in fiscal 2019 would amount to about \$62 billion, not counting money for war-related operations and natural disasters. However politically unpalatable that may be, such cuts could actually understate the depths of reductions the administration may be envisioning. That's because if recent history is any guide, the reductions may not come from current spending, but from already depressed fiscal 2020 levels previously laid out in the February budget request. ([Roll Call](#))

#### *DHS*

**DHS Downplays Report that Data Thieves Are Selling Millions of Voters' Data:** Various data on up to 35 million U.S. voters as many as 19 states is for sale online, according to a new report from a pair of cyber security research firms. But the Department of Homeland Security says that's nothing new: much of the data is either public or available for purchase from state and local governments. ([Defense One](#))

#### *Treasury*

**IRS Releases Opportunity Zone Guidelines, Asks for Help Finalizing Them:** The IRS and Treasury Department have released guidelines for investing in opportunity zones, but it is not the final step some were anticipating. The Trump administration published a 74-page document Friday outlining what it called "proposed regulations that provide guidance" on the portion of the tax law passed at the end of 2017 that created Qualified Opportunity Zones for tax breaks to investors in those areas. No timeline was set for when the guidelines would be finalized, but public comments are being accepted online and by mail ahead of a public hearing scheduled for Jan. 10. Several sections of the document solicit suggestions on how to further clarify the program, suggesting a document still very much in progress. ([Bisnow](#))

**Mnuchin Open to Change in Currency Test as U.S. Spars With China:** Treasury Secretary Steven Mnuchin is open to changing how the U.S. determines which nations are gaming their currencies, a move that could give President Trump the chance to officially brand China a foreign exchange-rate manipulator as he seeks leverage to redefine trade terms between the world's largest economies. One method Mnuchin would consider: Using a 1988 trade act with a broad definition of currency manipulation to designate a country a manipulator, even if the label isn't warranted by specific tests under a 2015 law, he said. The other would be to change the criteria that help establish whether a country is engaging in competitive devaluation of its currency. ([Bloomberg](#))