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# Window on Washington - This Week in the Nation's Capital - August 25, 2017, Vol. 1, Issue 23

Aug 25, 2017

## CONGRESS

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### *Budget*

- **CBO Confirms Size of Breach of Defense Cap for FY18 Bills:** The House FY18 Omnibus Appropriations Bill scheduled to be taken up in September would bust the Defense cap by \$72 billion. This would cause the Office of Management and Budget to trigger a sequester on the excess spending. The Senate's current bill would have a \$2 billion sequester ([Inside Defense](#)).
  - **Possible Government Shutdown at End of September:** The President stated earlier this week that he would be willing to shutdown the government in order to get funding to build the border wall. Administration officials have stated that the President is very committed to funding the construction of the wall while Democrats and some Republicans are opposed ([NBC News](#)).
  - **Preparations for Continuing Resolution Underway at DoD:** The Defense Department Comptroller has stated that he expects the government to be operating under at least a short-term continuing resolution at the end of September and that he's hopeful that Congress can avoid a shutdown ([Defense News](#)).
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### *Debt Ceiling*

- **Trump Shutdown Threat Complicates Congress's Debt Ceiling Plans:** President Donald Trump's threats to shut down the government in October over border wall funding triggered concerns on Capitol Hill and could complicate Congress's job of raising the debt ceiling. Congress needs to pass a spending measure to keep the government open by Sept. 30 -- the same time it's facing a deadline to raise the nation's debt limit. GOP leaders don't have a plan yet for how they'll proceed but one likely scenario is to package the two measures together to get them to the president's desk ([Bloomberg](#)).
  - **Escalating Feud, Trump Blames McConnell and Ryan for Upcoming 'Mess' on Debt Ceiling:** President Trump on Thursday sought to pin blame on his party's congressional leaders for what the president predicts will be "a mess" to raise the federal government's debt limit. In a pair of morning tweets, Trump said he asked Senate Majority Leader Mitch McConnell and House Speaker Paul Ryan to include a debt ceiling increase in a recent veterans bill ([Washington Post](#)).
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### *Energy/Environment*

- **Sierra Club Wins Greenhouse Gas Emissions Ruling:** A U.S. District Court of Appeals in Washington, D.C., ruled 2-1 against the Federal Energy Regulatory Commission on Tuesday for failing to include enough information on the impact of greenhouse-gas emissions carried by a network of pipelines ([Gainesville Sun](#)).
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### *Healthcare*

- **Unclear if Senate GOP Can Use Reconciliation on Health Care After September:** Senate Parliamentarian Elizabeth MacDonough is considering whether the 2017 budget — which set up the rules for the expedited process of reconciliation — can apply after the 2017 fiscal year ends. There is no precedent for using a budget reconciliation bill after the fiscal year ends and MacDonough has not yet made a determination ([Politico](#)).
  - **Senate Panel Moves Forward on Bipartisan Approach for the Individual Exchanges:** The Senate Committee on Health, Education, Labor and Pensions will hear from state insurance commissioners and governors as part of an effort to stabilize the Affordable Care Act's exchanges. The bipartisan approach comes after Senate Republicans failed in July to pass a bill to repeal and replace Obamacare without Democratic input ([USA Today](#)).
  - **Cost Sharing Reduction Payments Discussion Expected at Senate Hearing:** Democrats and Republicans are divided on whether and how long the cost sharing reduction payments to insurance companies will be appropriated through Congress and the issue is expected to be debated during the bipartisan Senate HELP Committee hearing early next month ([Washington Examiner](#)).
  - **Former Senator Santorum is Working with Congress on Plan to Repeal the Affordable Care Act:** Santorum is proposing to allow each of the 50 states to individually craft their own plans ([Breitbart](#)).
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## Immigration

- **Los Angeles Seeks to Join Lawsuit Over U.S. Sanctuary Policies:** The city of Los Angeles on Tuesday sought to join a lawsuit filed by California and San Francisco against the U.S. Department of Justice that accused the Trump Administration of improperly trying to force local jurisdictions to enforce national immigration law by imposing funding conditions ([Reuters](#)).
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## Russia

- **Suspension of Visa Operation in Russia:** The U.S. Embassy and Consulates in Russia announced that “[a]s a result of the Russian government’s personnel cap imposed on the U.S. Mission, all nonimmigrant visa operations across Russia will be suspended beginning August 23, 2017.” This is the most recent volley in the diplomatic back-and-forth that started with the reports of possible Russian involvement in U.S. elections ([National Law Review](#)).
  - **Trump Clashed With Multiple GOP Senators Over Russia:** The President privately vented his frustration over Russia-related matters with at least two other Republican senators this month, according to people familiar with the conversations—in addition to the President’s public admonishments of Mitch McConnell, John McCain, and Jeff Flake ([Politico](#)).
  - **Mueller’s Team Focusing on Trump Jr.’s Intent in Russia Probe:** Members of special counsel Robert Mueller’s team are looking at President Trump’s oldest son, Donald Trump, Jr., to determine the intent behind his attendance at a June 2016 meeting at Trump Tower with a Russian lawyer, according to a report ([Washington Examiner](#)).
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## Tax Reform

- **Popular Mortgage Deduction Could Get a Haircut in Tax Reform:** The mortgage interest tax deduction has long been considered politically untouchable — until now, that is. The hands-down favorite of taxpayers is back on the negotiating table as tax reform kicks into high gear, according to industry sources, even though no one from the Trump administration has said that out loud, and Republican leaders in Congress say not to worry ([CNBC](#)).
  - **Trump’s Team and Lawmakers Making Strides on Tax Reform Plan:** President Donald Trump’s top aides and congressional leaders have made significant strides in shaping a tax overhaul, moving far beyond the six-paragraph framework pushed out in July that stoked fears about their ability to deliver on one of the GOP’s top priorities. The options to pay for the cutting of individual and corporate tax rates include capping the mortgage interest deduction for homeowners; scrapping people’s ability to deduct state and local taxes; and eliminating businesses’ ability to deduct interest, while also phasing in so-called full expensing for small businesses that allows them to immediately deduct investments like new equipment or facilities ([Politico](#)).
  - **New Home Sales Hit Seven-Month Low as Prices Soar:** New U.S. single-family home sales unexpectedly fell in July, dropping to their lowest in seven months amid a surge in prices, raising concerns of a slowdown in the housing market recovery. Coming on the heels of data this month showing a tumble in home building and permits in July, the weak sales pace suggests that housing could remain a drag on economic growth in the third quarter ([Reuters](#)).
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## Trade

- **One Week Into Negotiations, Trump Says He’ll ‘Probably’ Cancel NAFTA:** President Donald Trump has threatened to blow up NAFTA less than one week into the renegotiation of the trade agreement, providing an early indication that the upcoming talks might occur under a cloud of menace ([Financial Post](#)).
- **Mexico, Canada Dismiss Threats to Scrap NAFTA Trade Pact:** Mexico and Canada on Wednesday dismissed U.S. President Donald Trump’s threat to scrap NAFTA, describing it as a negotiating tactic designed to gain an advantage during talks to update one of the world’s biggest trading blocks ([Reuters](#)).

## EXECUTIVE BRANCH

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### Department of Defense

- **Contracts for New Nuclear Cruise Missile:** Lockheed Martin Corp. and Raytheon Co. were picked by the U.S. Air Force to begin development of a new nuclear cruise missile for long-range bombers, while Boeing Co. was shut out of the effort to replace its aging weapon that’s in use today. The initial contracts are about \$900 million each. ([Bloomberg](#)).
- **North Korea Envoy says US Pressure Feeds Our Nuclear Program:** North Korea’s envoy to U.N. disarmament talks says “military threats and

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- pressure" from the United States are only serving to drive his country to further develop a nuclear deterrence. ([Fox News](#)).
  - **Generals Win Key Fight Over Afghanistan They Lost with Obama:** A core group of the nation's top military commanders spent years confronting the limits of U.S. strategy in Afghanistan, watching battlefield gains slip away while American troops pulled out to meet the Obama White House's deadlines. Now those officers form the core of President Donald Trump's national security team, and they've achieved a sizable turnaround — by persuading the "America First" commander in chief to send thousands more troops back into Afghanistan, with no set timetable for them to leave ([Politico](#)).
  - **US Navy Relieves Seventh Fleet Commander in Wake of Collisions in Asia:** Vice Admiral Joseph Aucoin's removal comes after a pre-dawn collision between a guided-missile destroyer and a merchant vessel east of Singapore and Malaysia on Monday, the fourth major incident in the U.S. Pacific Fleet this year ([CNBC](#)).
  - **Defense to Get Historically High Share of Research Budget:** The Pentagon and other security agencies' outsize consumption of federal research money would grow further under Republican plans, while nondefense research spending would drop, sometimes dramatically, a new congressional report shows. The Defense Department's research and development budget would consume 56 percent of the federal R&D total in President Donald Trump's fiscal 2018 budget proposal, according to the Congressional Research Service report ([Roll Call](#)).
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#### *Department of Education*

- **Summer Update:** Here's what happened with education and the Trump administration over the summer ([Newsweek](#)).
  - **Number of Charter Schools, Students in U.S. Rises:** The number of children attending charter schools in the United States hit a record of about 6% of all students in public schools, according to a federal education report released on Tuesday ([Reuters](#)).
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#### *Department of Energy*

- **Federal Electricity Study Hints at Future Support for Coal:** The Trump Administration released a major report urging actions to protect the "reliability and resilience" of the nation's electric grid, a move that could lay the groundwork for future support of America's ailing coal and nuclear industries ([New York Times](#)).
  - **Why Energy Traders Got the Eclipse So Wrong:** Grid operators and traders thought they were totally prepped for the historic U.S. solar eclipse. There was just this one thing they didn't completely factor in: "irregular human-behavior patterns." ([Bloomberg](#)).
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#### *EPA*

- **President Donald Trump's EPA Chief is Getting a Lot of Airtime as He Travels Across the Country:** Environmental Protection Agency Chief Scott Pruitt has logged thousands of miles this summer touting his plans to rewrite the Obama administration's environmental regulations and fueling speculation that he's laying the groundwork for a future political campaign ([Politico](#)).
  - **9 Northeast States Agree to Further Power Plant Carbon Cuts:** Nine Mid-Atlantic and New England states have agreed to update their regional environmental pact to further reduce power plant carbon emissions to fight global climate change. New York Gov. Andrew Cuomo announced Wednesday that states in the Regional Greenhouse Gas Initiative have agreed to reduce the cap on emissions an additional 30 percent below 2020 levels by 2030 ([Washington Post](#)).
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#### *HHS*

- **Panel on Vaccine Safety Seems Unlikely:** Robert Kennedy Jr., a vaccine skeptic, says it's been months since he has spoken with White House officials about heading up a vaccine safety panel and it's possible the idea of such a panel may no longer be under consideration. In recent months, the Trump Administration has selected multiple nominees for HHS positions that are supporters of vaccines ([STAT](#)).
  - **Price Praises China on Global Health Security Trip:** Secretary Tom Price praised China for cracking down on synthetic opioid production in the country which is seen as fueling the increase in overdose deaths in the United States. Price is on a trip visiting multiple countries in Asia in support of the President's commitment to global health security ([WTOP](#)).
  - **Food and Drug Administration Reauthorization:** President Trump signed into law the FDA Reauthorization Act of 2017 which includes a measure to lower drug prices. A major program was set to expire at the end of September if the bill hadn't been signed into law ([Washington Examiner](#)).
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#### *Department of Interior*

- **Interior Secretary Proposes Shrinking Four National Monuments:** Parts of Bears Ears National Monument and at least three other national monuments would lose their strict protection and could be reopened for new mining or drilling under proposals submitted to President Trump ([New](#)

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York Times).

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#### Department of Labor

- **Labor Department Staff Shuffle:** The Labor Department will be filling high-ranking political vacancies that don't require congressional approval "very shortly," and the White House also plans to announce its intent to nominate a number of subcabinet personnel in the next "couple of weeks" ([Bloomberg BNA](#)).
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#### Department of Treasury

- **No Aerospace Firms Among Chinese, Russian Entities Treasury Just Sanctioned for North Korea Ties:** No aerospace firms were among the 16 Chinese and Russia entities the U.S. Treasury Department sanctioned Aug. 22 for supporting North Korea's nuclear and ballistic missile programs. The 10 companies and six individuals targeted by Treasury's Office of Foreign Assets Control are alleged to have conducted business with North Korea in violation of United Nations' sanctions aimed at denying Pyongyang outside funding for its weapons programs ([Space News](#)).
  - **Feds Widen Hunt for Dirty Money in Miami Real Estate:** The U.S. Treasury Department announced it would extend and expand a temporary initiative designed to uncover criminals laundering money through real estate. The decree targets secretive shell companies, corporations that don't have to reveal their true owners, buying luxury homes. The feds have already renewed the rules twice since announcing them in January 2016 ([Miami Herald](#)).
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#### CFPB

- **CFPB Director Cordray Pens *New York Times* Op-Ed in Effort to Save Arbitration Rule:** In a surprising move, Consumer Financial Protection Bureau Director Richard Cordray made a last-ditch effort to save the bureau's newly announced arbitration rule as it faces attacks in both houses of Congress. Cordray authored an opinion piece for *The New York Times* on Tuesday to try and set the record straight on the intent behind the controversial rule and shoot down all the false statements going around ([Housing Wire](#)).
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#### NASA

- **Who Runs NASA? Eclipse-Loving Trump Has Yet To Appoint An Administrator:** There are many provisionally appointed positions across many different federal agencies which remain vacant, and NASA administrator and deputy administrator are among them. As of July 4, this is the longest the National Aeronautics and Space Administration has gone without permanent leadership ([Bustle](#)).
  - **3-D Printing and In-Orbit Manufacturing to Transform Space Missions:** Made In Space is changing the way people plan for spaceflight missions by demonstrating that tools, spare parts and spaceflight hardware can be manufactured in orbit. In 2014, Made In Space's Zero-G Printer produced the first parts on the ISS. In 2016, NASA and ISS national laboratory customers began using Made In Space's larger Additive Manufacturing Facility to print more complex objects than the Zero-G printer with a variety of aerospace grade materials ([Space News](#)).
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#### Nonprofit

- **Bar on Religious Political Activity Still Applies, DOJ Says:** The Trump administration on Tuesday urged a Wisconsin federal judge to dismiss a lawsuit claiming that a May executive order allowing religious organizations to endorse political candidates results in a tax preference for those groups, saying the order does not remove the bar on political activity by nonprofits ([Law360](#)).
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#### Cybersecurity

- **McCain Hits Trump Over Lack of Cyber Policy:** Sen. John McCain (R-Ariz.) is again hitting President Trump over his lack of a cybersecurity policy, calling the administration's leadership on the issue "weak" as the president continues attacks on the senator in the wake of his decisive vote on the failed GOP healthcare bill ([The Hill](#)).
  - **Upcoming NY DFS Cybersecurity Regulations:** If you are one of the many businesses licensed by the New York Department of Financial Services (DFS), and cannot avail yourself of the (very) limited exemptions, you must be ready for the first compliance transition date for the stringent DFS cybersecurity regulations ([National Law Review](#)).
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*White House*

- **Trump Announces Open-Ended Commitment to Afghanistan:** President Trump announced an open-ended commitment to Afghanistan that will put as many as 4,000 more troops into the nation's longest-lasting conflict and keep American forces there as long as it takes to deny terrorists a haven and bring about a political settlement with the Taliban ([Bloomberg](#)).
- **Steve Bannon Out of the White House:** President Trump's controversial chief strategist Steve Bannon left the White House, in another major staff shakeup ([Fox News](#)).
- **Trump Aides Plot a Big Immigration Deal—That Breaks a Campaign Promise:** President Trump's top aides are pushing him to protect young people brought into the country illegally as children—and then use the issue as a bargaining chip for a larger immigration deal—despite the president's campaign vow to deport so-called Dreamers ([McClatchy](#)).

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If you have any questions about this alert please contact your Clark Hill attorney.