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# Window On Washington - This Week in the Nation's Capital - October 6, 2017, Vol. 1, Issue 29

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## CONGRESS

### *Budget*

- **Hurricane Supplemental Includes \$29B for Disaster Aid and Flood Insurance:** Of the \$29B, the National Flood Insurance Program will receive \$16B to pay flood claims. The House plans to pass the bill next week and the Senate the following week. ([ABC News](#))
- **House Passed Budget Resolution Clearing Path for Tax Reform Bill; Senate Budget Committee Passed its Version:** The House budget resolution includes major spending cuts demanded by conservatives. Both budget resolutions would improve the debt outlook but handle it differently. A more detailed analysis on the two resolutions is available here. The Senate version is set to be on the floor in a few weeks and joint budget negotiations would begin by the end of the month. It is also worth noting that while both chambers are working diligently to complete this process, the appropriations bills are unlikely to reflect the terms agreed to in the budget resolution. ([The Washington Post](#))

### *Tax Reform*

- **Conservatives Defy GOP Orthodoxy on Cutting Top Tax Rate:** House conservatives -- desperate for a win on tax reform -- are open to nixing some newly proposed tax cuts on the wealthy, challenging the GOP's tax-cuts-for-all orthodoxy, with multiple House Freedom Caucus members saying they'd support maintaining the 39.6 percent tax rate on upper-income earners instead of reducing it to 35 percent under the current GOP plan. ([Politico](#))
- **White House Digs in on Eliminating State and Local Tax Deduction:** The White House is maintaining a hard line on wiping out a deduction for state and local taxes as part of tax reform, despite efforts in Congress to negotiate a compromise on the issue and opposition from some Republicans that represent high tax areas. ([Politico](#))

### *Banking/Housing*

- **Regulator Warns Capital Buffers Shrinking at Fannie, Freddie:** Federal Housing Finance Agency Director Melvin L. Watt warned that Fannie Mae and Freddie Mac are in danger of losing the capital buffers that enable the two government-sponsored enterprises to absorb financial losses, a development that could put a chokehold on the mortgage market and lead to another taxpayer-funded bailout. ([Rollcall](#))
- **Wells Fargo CEO Takes Beating in Senate Hearing:** Senator Elizabeth Warren accused Wells Fargo CEO Tim Sloan of trying to cover up the bank's creation of millions of phony accounts and said he deserves to get fired. It didn't get much better for Sloan as the hearing wore on and other Senators took their shots. ([CNN Money](#))

### *Healthcare*

- **Senator Alexander Continues to Work on Bipartisan Insurance Bill:** Senator Lamar Alexander expressed cautious optimism over the prospects of striking a deal on a bipartisan bill help stabilize the Obamacare marketplace saying that he and Democratic Senator Patty Murray continue to work to find a way forward on health care. In the House, Democrats have asked the Chairman of the Energy and Commerce Committee to hold hearings on stabilizing the individual market. ([CNN](#))
- **House Energy and Commerce Committee Begin Proceedings on Children's Health Insurance Program but Issues Remain:** Unlike the Senate which found a bipartisan solution, the House cannot agree on how to pay for CHIP. Democrats do not agree with the offset Republicans have identified to pay for the program: Medicare and the Affordable Care Act. ([The New York Times](#))

### *Transportation*

- **White House Meets with Lawmakers on Infrastructure Plan:** President Trump's legislative affairs team met with a small group of House lawmakers at the White House on Thursday morning to discuss the administration's plan for rebuilding U.S. infrastructure. Trump has recently questioned the role of public-private partnerships in his plan, raising new concerns about how the proposal will be paid for and whether Republicans will be on board with the rebuilding effort. ([The Hill](#))

## EXECUTIVE BRANCH

### *HHS*

- **FDA Commissioner and CMS Administrator Are Front-Runners for Next HHS Secretary:** After Tom Price's resignation as HHS Secretary over the use of private planes, current FDA Commissioner Scott Gottlieb is seen as a heavy favorite as he is receiving praise from both parties over his tenure at FDA to date. CMS Administrator Seema Verma is being considered as well. ([STAT News](#))

- **No. 2 Position at HHS Confirmed by Senate:** The Senate confirmed Eric Hargan as deputy secretary at the Department of Health and Human Services by a vote of 57-38. Hargan, previously a Chicago-based lawyer, served at HHS as a deputy general counsel and deputy secretary in the Bush administration. ([The Hill](#))
- **NIH is Funding a New Study on Babies Born with Opioid Withdrawal Syndrome:** While the number of newborns with this syndrome has increased in recent years as a result of the opioid crisis, there's a lack of standard, evidence-based treatments for doctors. ([Connecticut Post](#))

#### EPA

- **At EPA, a Fight Over Numbers in Water Protection Rule Reveals a Shift in Ideology:** A new paper by three economists challenges how the Environmental Protection Agency has justified repealing a 2015 water protection rule and contends that the Trump Administration ignored hundreds of millions of dollars in benefits the regulation would have produced each year. But EPA officials, including a career official overseeing the agency's National Center for Environmental Economics, counter that Obama Administration officials ignored warnings that they had used unreliable and outdated studies when calculating the regulation. ([The Washington Post](#))

#### Department of Education

- **Mick Zais Picked for Deputy Secretary of Education:** The White House announced on Monday that it would nominate Mitchell "Mick" Zais as deputy secretary of education. ([Inside Higher Ed](#))

#### Department of Energy

- **Oil and Gas Industries Against Energy Department Plan for Saving Nuclear And Coal:** Secretary Perry asked the Federal Energy Regulatory Commission to regulate pricing so that coal and nuclear power plants that keep at least 90 days of fuel supply on site can recoup their full costs. The oil and gas industry are against the proposal saying that this incentive is unfair and renewable energy and environmental groups are opposed saying it could lead to an increase in emissions from coal plants linked to global warming. ([Forbes](#))

#### Department of Justice

- **Justice Department Rolls Back Protections for Transgender Workers:** The Department of Justice rolled back an Obama-era policy Wednesday that protected transgender workers as part of the Civil Rights Act. ([ABC News](#))
- **Deputy AG Rosenstein Calls for Public Debate Over Warrant-Proof Encryption:** He stated that advent of warrant-proof encryption is a serious problem and that it threatens to destabilize the balance between privacy and security that has existed for centuries. ([CNBC](#))
- **House Education and the Workforce Chairwoman Virginia Foxx and Rep. Phil Roe Call for Repealing the Obama Administration's Fiduciary Rule:** The 2016 rule requires broker dealers to consider only their client's best interest when providing retirement advice. The rule took partial effect in June, but the Department of Labor proposed in August to delay the remaining provisions by 18 months. ([Clark Hill Insight](#))

#### Department of Labor

- **Supreme Court:** Trump DOJ, Labor Board Face off in Rare Split as New Term Begins: The Supreme Court's new session has recently kicked off with a clash between businesses and employees, focused on how workers can complain about pay, conditions and other issues and their access to the courts. In a rare split, the dispute pitted Justice Department lawyers against those from the National Labor Relations Board. ([Fox News](#))

#### Department of Interior

- **Federal Watchdog Opens Probe Into Travel By Interior Secretary Ryan Zinke:** The inspector general for the Interior Department has opened an investigation into Secretary Ryan Zinke's travel during seven months in office, from his use of taxpayer-funded charter and military planes to his mixing of official trips with political appearances. ([Washington Post](#))

#### CFPB

- **Payday Lending Faces Tough New Restrictions by Consumer Agency:** The Consumer Financial Protection Bureau imposed tough new restrictions on the so-called payday-lending industry. The rules clamp down on, and could largely eliminate, loans that are currently regulated by states and that critics say prey on the vulnerable by charging usurious fees and interest rates. The lenders argue that they provide financial lifelines to those in desperate need of short-term cash infusions. The new guidelines pit the Bureau against Congress and President Trump, who has made rolling back business regulations a centerpiece of his agenda. ([The New York Times](#))
- **More analysis from Clark Hill is available [here](#).**

#### NASA

- **Pence Promises Return to Moon During National Space Council's First Meeting:** The Vice President believes that in last 25 years America has ceded ground in space, but that we will lead in space once again. He urged continued commercial efforts while also endorsing several large NASA efforts in a day of meetings focused on a wide range of topics. ([Space News](#))
- **JWST Launch Slips to 2019:** NASA announced Sept. 28 that the launch of the James Webb Space Telescope mission, which had been planned for next fall, will now be delayed until the spring of 2019, due to the need for additional test and integration activities as well as mission schedule

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issues with the launch site in French Guiana. The mission will still remain within budget despite the launch delay. ([Space News](#))

- **Thirty Meter Telescope Gets Go-Ahead to Build in Hawaii:** Hawaii's board of land and natural resources granted a fresh construction permit to the Thirty Meter Telescope (TMT), reviving the fortunes of the \$1.4-billion observatory -- at least temporarily. The permit moves the international project closer towards restarting construction near the summit of the Hawaiian mountain of Mauna Kea, but opposition by some Native Hawaiians remains due to the sacred nature of the mountain. ([Nature](#))

#### *Trade*

- **Trade Gap in U.S. Narrows to 11-Month Low as Exports Increase:** Improving global demand and a weaker dollar are helping boost U.S. exports, with the trade deficit narrowing to an 11-month low in August, Commerce Department data showed Thursday. ([Bloomberg Markets](#))

#### *White House*

- **White House Plans to Demand Immigration Cuts in Exchange for DACA Fix:** The White House is finalizing a plan to demand hardline immigration reforms in exchange for supporting a fix on the DACA program, according to three people familiar with the talks--an approach that risks alienating Democrats and even many Republicans, potentially tanking any deal. ([Politico](#))
- **Trump Administration Weighing Executive Order on Welfare:** Trump administration officials are mulling an executive order that would instruct federal agencies to review low income assistance programs, as part of a coming effort to make sweeping changes to the country's welfare system. ([Politico](#))
- **Jared, Ivanka Shrink Roles to Shield Themselves:** With increasing legal and practical questions about their presence in the West Wing, Jared Kushner and Ivanka Trump are trying to remain viable by shrinking their purview and making more of an effort to 'stay in their lane,' associates have said. ([Axios](#))

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