



PAACC Federal Update

January 2018

Major Washington News

Republican congressional leaders are struggling to separate the immigration blow-up set off by President Donald Trump from a funding bill to avert a U.S. government shutdown at the end of this week.

Democrats say the burden is on Trump to help break the stalemate after he rejected a bipartisan proposal to shield young, undocumented immigrants from deportation and ignited outrage by reportedly disparaging Haiti and African nations. Democrats want to attach such an immigration measure to the must-pass spending bill, an idea House Speaker Paul Ryan and Senate Majority Leader Mitch McConnell reject.

"No, we're not going to do that," Ryan said Friday during an event in his home state of Wisconsin. "People are attaching these as far as leverage is concerned," but Republican leaders will not go along, he said.

Government funding runs out at the end of the day Friday, and Republican leaders are weighing another short-term measure that would extend it until Feb. 16.

Both parties have struggled for months to agree on a spending deal for the rest of the fiscal year that began Oct. 1, but Congress already has had to pass three short-term funding bills. This time, Democrats, and some Republicans, want to use the next attempt to keep government operations funded as a vehicle for other bills to provide disaster-relief funds, shore up Obamacare, extend the Children's Health Insurance Program, and possibly to protect young immigrants brought to the U.S. illegally as children. A dispute over how much to allocate to defense and domestic programs is another obstacle to a broader fiscal agreement.

Senate Democratic leader Charles Schumer will have to decide whether this is the moment to force a showdown on immigration that temporarily results in a partial government shutdown in an election year.

Republicans' slim 51-49 Senate majority means they need at least nine Democratic votes to pass a spending bill. The GOP is counting on support from some Democrats, including from among the 10 who are up for election in November in states won by Trump.

Healthcare

DOL Issues Association Health Plan Rule

In early January, following up on the direction provided by Executive Order 13813, the U.S. Department of Labor (DOL) issued proposed regulations that would expand the ability of small employers to band together and provide coverage under a single Association Health Plan (AHP). Under the new proposed rules:

- AHPs may be formed by employers that are engaged in the same trade, industry, line of business, or profession, or that are located in the same state or metropolitan area (even if the metropolitan area crosses state lines).
- Where current rules provide that an association may be treated as a single employer only if it has a bona fide purpose apart from the provision of health coverage, an AHP may be created solely for the purpose of providing health coverage to the employees of its members.
- AHPs may also be established by employers who meet "commonality of interest" criteria under existing guidance that would allow their association to sponsor a single health plan for its members.

As proposed, the rules do not change the regulations governing multiple employer welfare arrangements (MEWAs). The DOL is considering this matter further, but currently AHPs are seen as a form of MEWA that would be subject to applicable state insurance regulations.

Business & Industry

IRS Sets Withholding Tables as GOP Pledges Paycheck Increase

The Internal Revenue Service released guidance for employers about how much tax they should withhold from workers' paychecks in 2018 -- and said it would soon offer an online calculator employees can use to make sure the amounts are correct.

Companies have been awaiting details from the IRS, following the sweeping tax overhaul passed at the end of last month that changes tax rates and brackets, increases the standard deduction and repeals personal exemptions. Employers should begin using the new withholding tables as soon as possible, but not later than Feb. 15, according to the IRS notice issued Thursday.

Republicans have promised that American wage earners will see bumps in their paychecks starting in February -- after employers have made the withholding adjustments. House Majority Leader Kevin McCarthy of California has said taxpayers should "check their check."

The IRS will release an online calculator by the end of February so taxpayers can ensure their paychecks are accurate, Treasury Secretary Steven Mnuchin said during a White House press briefing on Thursday. Taxpayers who have more complicated tax situations, such as those who itemize deductions, are especially encouraged to check their withholding amounts, the IRS said.

Mnuchin added that about 76 percent of taxpayers typically see withholding amounts that result in refunds at the end of the year, and he does not expect that percentage to change under the new tables.

Fed Chairman

The Senate Banking, Housing, and Urban Affairs Committee plans to vote tomorrow on the nominations of Jerome H. Powell to be chairman of the Federal Reserve System, and Randal Quarles to be a member of the Fed's board of governors.

Defense

House-Amended S. 139, Electronic Surveillance

Expect a lengthy Senate floor debate to begin today on extending the government's authority to search a database of Americans' emails and other communications that are collected incidentally during National Security Agency eavesdropping on suspected terrorists on foreign soil.

The government's terrorist surveillance authority expires on Friday, though a court order authorizing continued surveillance doesn't run out until April, lawmakers say. That means "there is plenty of time for a real debate" because the legislation doesn't protect "the vast majority of law-abiding Americans from warrantless searches" of personal communications, Sen. Ron Wyden (D-Ore.) said.

The Senate's 68-27 vote last week to consider the House-passed bill (S. 139) is a strong indication Republican leaders can marshal the 60 votes needed to limit debate at today's scheduled cloture vote. Still, watch for Wyden, Sen. Rand Paul (R-Ky.) and opponents to use as much of the 30 hours of post-cloture time at their disposal to argue for greater privacy protections.

2018 Pentagon Priorities

Fixing war-damaged equipment, overhauling buying practices, and funding new aircraft, ships and vehicles will be this year's top focuses for defense legislation and the congressional dialogue with the Pentagon.

The House and Senate Armed Services panels are in lockstep when it comes to priorities for 2018, including a desire for more funding, which will "allow the services to begin to modernize our force, and the committee will provide vigorous oversight of those efforts," said Rachel Hoff, the Senate Armed Services Committee spokeswoman.

Rebuilding "is going to be a big issue," House Armed Services Committee Chairman Mac Thornberry (R-Texas) said in a December interview. He warned that "you can't fix all the problems that have developed in a single year," even if it is backed up by a spending bill that "comes out perfectly."

All eyes will be on the Pentagon's release early in 2018 of the National Defense Strategy. That follows President Donald Trump's presentation of his National Security Strategy on Dec. 18, which called China a "strategic competitor" and made the case for more missile-, cyber- and biological defense to counter rogue states.

While the national security blueprint states general goals, the defense strategy will drill down on the type of investments and planning the Pentagon will need to make over the next several years. That National Defense Strategy will also serve as the underpinning for the Defense Department's case for another round of base closures so the number of military installations align with a modern force, according to Pentagon leaders.

Defense Secretary Jim Mattis and the Pentagon's installations chief, Lucian Niemeyer have made the case in recent months that changes in military bases should not be driven only by forecasted savings, but rather by strategy. For once, the national defense strategy document will do just that, both Mattis and Niemeyer said.

Infrastructure

Drumbeat for GOP About-Face on Earmarks Grows with Gridlock

Earmarks, the funding for lawmakers' local spending projects that John Boehner killed as House speaker in 2011, could come back to life.

Republicans on the Appropriations Committee, who have seen their annual spending bills flounder ever since Boehner persuaded the House to adopt an earmark moratorium, are pushing current House leaders to revive the practice as soon as this year. And they are getting a boost from President Donald Trump.

"This should never have happened, and it's gone on too long," House Appropriations Committee cardinal Tom Cole (R-Okla.) said. Depriving lawmakers of a say in money for specific projects has made it increasingly difficult for Congress to fund the government, he noted. "It's time to reclaim our authority over this type of spending."

The Rules Committee, where he's also a member, may consider the matter as soon as the week of Jan. 15, Cole said.

Cole said he backs a plan being pushed by fellow House appropriator John Culberson (R-Texas) to bring back earmarking for just a few categories of spending: Army Corps of Engineers money, which would allow Congress to set priorities for dams, levees and other flood-control projects, and transportation and infrastructure money.

U.S. Regulators to Seek More Input for Autonomous Rule Revisions

U.S. transportation regulators plan to take another step toward rewriting federal rules hampering the development and adoption of autonomous technologies -- from cars and trucks to buses and trains.

Department agencies will issue additional requests for comment to gather input from companies and the public on what rules affecting transport should change or be eliminated, Transportation Secretary Elaine Chao said in an interview Sunday. The move comes in addition to four requests for public comment released last week as highway, auto and transit regulators try to cast aside roadblocks to new advancements in transportation.

The National Highway Traffic Safety Administration last week asked for comment on "unnecessary regulatory barriers" for self-driving vehicles and how their safety should be tested and certified. The Federal Transit Administration is also looking for feedback on two fronts related to automated buses, while the Federal Highway Administration will seek public input on how driverless transportation modes should be accommodated on U.S. highways.

Aviation

Former Pilot Now Acting Chief at FAA

A former American Airlines Group, Inc. pilot and airline industry lobbyist will serve as the acting FAA administrator when the current chief steps down, the Transportation Department announced Jan. 5.

Dan Elwell, who was appointed deputy administrator of the Federal Aviation Administration in June 2017, will take over as acting administrator Jan. 7 after the Obama-appointed Michael Huerta's departure.

Elwell is neither new to the airline industry nor the agency that oversees it. He previously served as the FAA's assistant administrator for policy, planning and environment from 2006-2008. Leaving for the private sector during the Obama administration to work first at the Aerospace Industries Association and later Airlines for America (A4A).

A4A is actively lobbying for a provision in the currently stalled House FAA reauthorization bill (H.R. 2997) that would spin off air traffic control from the FAA into a non-governmental entity. The board of the new entity would be heavily populated by air carriers and labor groups.

The agency's current authorization expires March 31.

House Aviation Security Bills

The House last week passed a number of transportation security-related measures. The legislation included:

- **EXPLOSIVES DETECTION CANINES:** The Transportation Security Administration would have to develop a domestic breeding strategy for bomb-sniffing dogs under H.R. 4577.
- **SCREENING EQUIPMENT TESTS:** The Transportation Security Administration would have to develop a program for third parties to test the screening equipment it buys from vendors under H.R. 4561.
- **AVIATION SECURITY STRATEGY:** The Transportation Security Administration would have to conduct a global aviation security review and develop best practices for collaborating with foreign partners on aviation security under H.R. 4559.
- **SCREENING PASSENGERS:** The Homeland Security Department would have to develop best practices for screening advanced passenger data, and could share them with other countries, under H.R. 4581.

Congressional Schedule

January

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3 Senate in Session	4 Senate in Session	5	6
7	8 House & Senate in Session	9 House & Senate in Session	10 House & Senate in Session	11 House & Senate in Session	12	13
14	15	16 House & Senate in Session	17 House & Senate in Session	18 House & Senate in Session	19 House & Senate in Session	20
21	22 Senate in Session	23 Senate in Session	24 Senate in Session	25 Senate in Session	26 Senate in Session	27
28	29 House & Senate in Session	30 House & Senate in Session	31 House & Senate in Session			

February

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 Senate in Session	2 Senate in Session	3
4	5 House & Senate in Session	6 House & Senate in Session	7 House & Senate in Session	8 Senate in Session	9 Senate in Session	10
11	12 Senate in Session	13 House & Senate in Session	14 House & Senate in Session	15 House & Senate in Session	16 House & Senate in Session	17
18	19	20	21	22	23	24
25	26 House & Senate in Session	27 House & Senate in Session	28 House & Senate in Session			

Out of Session

Both in Session

One Chamber in Session

