This Week in Congress: The House and Senate have recessed until November 13th, returning after the midterm elections. Meanwhile, the President signed the Water Resources Development Act into law on Tuesday.

Immigration Update:

- President Trump Invites Democratic Leaders to work with him on Immigration
  - Last weekend, President Trump invited Democratic leaders to work with him in crafting of new immigration laws. Leaders Schumer and Pelosi rejected the President’s invitation, arguing he was trying to “change the subject” away from the national conversation on health care.

- Migrant Caravan in route from Honduras
  - A migrant caravan from Honduras is currently stopped at Mexico’s border with Guatemala under increased pressure from the Trump administration to prevent the caravan, estimated to be “thousands-strong” from reaching the U.S. Border. President Trump is pointing to the caravan as evidence of the risks of “open door” immigration policies that he claims the Democrats would enact if they gain power.

- Rep. Kevin McCarthy Introduced Legislation to Fund Border Wall
  - On Friday, October 12th, Rep. McCarthy (R-CA) introduced legislation that includes more than $23 billion for the president’s border security agenda and numerous law enforcement provisions aimed at cracking down on sanctuary cities and undocumented immigrants with criminal records. Specifically, the legislation includes $16.6 billion for the construction of the border wall and $6.8 billion for infrastructure and technology improvements for the U.S. Border Patrol. The legislation includes other Republican immigration proposals such as raising the mandatory minimum penalties for undocumented immigrants who repeatedly cross the border and strips federal funding from sanctuary cities. The legislation does not include a provision to legalize the “Dreamers.” The bill is viewed as a political maneuver to help McCarthy in his party’s leadership election for the new Congress.

- Polling Data
  - Pew Research conducted a poll in late September 2018 that found that Americans are shifting their priorities for dealing with illegal immigration. In 2016, 24% of voters said stronger law enforcement should be the priority for dealing with illegal immigration. Per this poll, only 19% say this. During that same period, the share who prioritize creating a pathway for illegal immigrants to gain citizenship has increased modestly from 29% in 2016 to 33% today.

The Deficit: Senate Majority Leader McConnell said that entitlements were behind reports of rising deficits. The Senator's comments follow Monday's release of data from the U.S. Department of Treasury that says the federal deficit increased some 17 percent in 2018 to $779 billion. McConnell said that the three big entitlement programs, Medicare, Social Security and Medicaid, account for 70 percent of what we spend every year and there is bipartisan reluctance to tackle entitlement changes because of the popularity of those programs.
FY20 BUDGET CUTS: President Trump is proposing to cut five percent across all departments and agencies in his FY20 budget, which would mean that next February’s nondefense discretionary budget would be approximately $445 billion, a cut of $152 billion, or 25 percent, below the FY19 budget cap. President Trump said the Pentagon wouldn't be spared from the budget-trimming exercise; but when pressed, he said the defense budget proposal would "probably be $700 billion." That figure is closer to a 2 percent cut from the current year's allocation of $716 billion for the Pentagon and other defense-related agencies. The first two years of the Trump administration have shown that lawmakers can't pass appropriations unless spending goes up, not down for both defense and nondefense programs alike, but the administration has been a reluctant player in the new budget deal, bristling at increases in nondefense spending that it considers excessive. While seven of the 12 FY19 appropriations bills have yet to be completed, it’s already clear that President Trump won't get many of the cuts he sought. Lawmakers of both parties have roundly rejected deep cuts to the State Department, EPA and more. In fact, a Republican-led House and Senate are heading toward a 3.1 percent increase in nondefense discretionary spending for FY19 when compared to the FY18 levels or approximately a 10.4 percent increase over President Trump’s request.

2018 MIDTERM ELECTION UPDATE:
  • A Quinnipiac Poll released on October 2nd found that the Republicans cut into the Democrats lead in the U.S. House with 49% of respondents citing their support of the Democratic candidate in their local House race compared to 42% supporting the Republican candidate. This compares to the September 12th poll that found Democrats with a 52-38 percent lead.
  • Per the Cook Report, an independent, nonpartisan newsletter that analyzes elections, as of October 19th, they deem Republican held seats in Arizona, Nevada, Tennessee and Texas as “toss ups.” Senate seats currently held by Democrats in Florida, Indiana, Missouri and Montana are also listed as “toss ups.”
  • An NBC News/Wall Street Journal poll released on Monday found that voters are deeply divided along partisan lines over the confirmation of Justice Brett Kavanaugh. Overall, 40% of registered voters said they favored Kavanaugh’s confirmation while 36 percent opposed it. 21% reported they didn’t know enough about him.
  • Per the Washington Post on October 20th, Democratic hopes for a wave election “have been tempered in recent weeks amid shifting political landscape and a torrent of hard-hitting attack ads from Republicans.” Furthermore, with just over two weeks left, the Post reports that President Trump’s rising approval rating and the polarizing fight over the Supreme Court appear to be boosting the party’s candidates in a number of conservative and rural districts. However, Democratic strength in the suburbs remains strong.
    o Not all waves are alike. There are smaller waves (20-30 seats) and larger ones (48 seats each in 1958, 1966 and 1974) — and there are tsunamis, including 1994, when Republicans gained 54 seats, and 2010, when they gained 63 seats. This cycle, a modest wave has been developing for months. President Donald Trump’s job approval has been low, and voters have told pollsters they want a Democratic Congress as a check on him.
  • Per the New York Times on October 21st, Republicans hold a cash edge heading into the final two weeks. However, Democratic candidates running for Congress this year collectively raised more than $1 billion for their campaigns which surpasses the nearly $900 million collected by Republican candidates for Congress in 2012 — previously the largest amount registered by a single party at this point in the election cycle.
  • President Trump’s job approval climbed in the Oct. 14-17 NBC News/Wall Street Journal poll, but that survey also gave Democrats a 9-point advantage (50 percent to 41 percent) in the generic ballot among likely midterm voters. And while Republican enthusiasm has grown over the last month, it fails to match Democratic enthusiasm.
• **Senate Races:**
  - Scott/Nelson Senate Race: A survey of 1,974 Florida likely voters shows term-limited Gov. Rick Scott (R) leading Sen. Bill Nelson (D) 49%-47%.
  - Donnelly/Braun/Brenton Senate Race: The Indianapolis Star reports that a survey of 377 Indiana likely voters shows Sen. Joe Donnelly (D) leading businessman Mike Braun (R) 44%-40%, with Libertarian candidate Lucy Brenton drawing 7%; 10% were undecided.
  - Blackburn/Bredesen Senate Race: A Reuters poll of 1,108 Tennessee likely voters shows Rep. Marsha Blackburn (R) leading ex-Gov. Phil Bredesen (D) 47%-44% in the race to succeed retiring Sen. Bob Corker (R).

**NORTH AMERICAN SHALE GAS EXPLORATION:**

- **E15 Update:** Last Thursday, acting EPA Administrator Wheeler said “that he has the legal authority to expand sales of 15 percent ethanol fuel. Yes we do have the authority to move forward on E15 and I hope that the oil industry will join us in helping to make the RFS program function better for the American public."

- **Activist Campaigns in The Shale Industry:** The Wall Street Journal’s Weekend Edition (10/21/18) reported that “the activist campaign is the latest to hit the shale oil and gas industry, a sector many investors believe needs to consolidate to generate profits.” Nine producers in North America have been publicly subjected to activist demands over the past year and the shale industry “has attracted activists because shifting from proving untested shale wells to economically producing oil and gas from them has been far more challenging than many executives and analysts predicted.” Two-thirds of U.S. oil producers failed to live within their means in the second quarter, even as oil prices have risen almost 40% over the past year to more than $70 per barrel. Fifty major U.S. oil companies reported they collectively spent $2 billion more than they took in. Investors have begun pushing companies in the shale sector, populated with many small and midsize firms, to pursue purchases or combinations, arguing that greater scale will help them turn profits. Companies that are big enough to drill giant wells, finance new pipelines and lock up equipment and other needs in long-term contracts have a strong advantage over those that cannot.