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DT: 9/13/18
RE: CONGRESSIONAL UPDATE

This Week in Congress: This week's legislative schedule has been truncated due to Rosh Hashanah and the expectation of Hurricane Florence; however, the House and Senate considered the first conference report on a package of three fiscal 2019 spending bills, which funds agencies including the departments of Energy and Veterans Affairs, along with military construction projects and the legislative branch. Additionally, the bipartisan House and Senate negotiators struck a deal on reauthorizing water infrastructure projects, with the House scheduled to take up that compromise bill before the end of the week.

BLUE COLLAR JOBS: These jobs are growing at their fastest rate in more than 30 years, helping fuel a hiring boom in many small towns and rural areas. Jobs in goods-producing industries including mining, construction and manufacturing grew 3.3 percent in the year preceding July, the best rate since 1984, per a Washington Post analysis.

NO GOVERNMENT SHUTDOWN: President Trump said he'd like to shut down the U.S. government to try to force congressional Democrats to fund a wall along the Mexican border, but likely will not do it before the midterm elections. President Trump said "that Republicans don't want to do anything that would upset the apple cart. My inclination, if it was up to me, I would shut down the government over border security." President Trump said he had a 'commitment' from Senate Majority Leader McConnell and Speaker Ryan to force a budget showdown with Democrats over the wall right after the election.

EARMARKS: Per Speaker Ryan, conversations about bringing earmarks back in appropriations bills that have been discussed within the GOP conference for the past two years will not advance any further for now. Per Ryan, "I don't doubt that the next organizing conference for the next Congress will probably wrestle with this issue."

OPIOID LEGISLATION: The Senate has reached a bipartisan deal on its opioid crisis response measure and the bipartisan package includes more than 70 proposals coming from five committees. Included in the package are provisions regarding stopping illegal drugs at the border, plus FDA requirements on packaging and aiding development of new non-addictive painkillers.

IMMIGRATION: The Homeland Security Department is proposing a new rule that would allow for the prolonged detention of undocumented migrant children by replacing a 1997 legal settlement that President Trump has called a "loophole" that encourages more illegal immigration. The proposed rule, published jointly with the Health and Human Services Department, would trigger the end of the so-called Flores settlement. A federal judge has ruled that the settlement means children cannot be held in detention for longer than 20 days and should be released with a parent if possible. Under the proposed rule, DHS would be able to hold children in custody together with their parents for the duration of their immigration proceedings, ending for some migrants a practice that Trump has derided as "catch-and-release." Around 500 children have still not been returned to their parents and remain in custody. House Minority Leader Pelosi called the proposed rule "another inhumane assault on families, on children." The proposed rule will not take effect immediately and is almost certain to be the target of legal challenges.

TRADE: Last week, negotiators from the U.S. and Canada continued North American Free Trade Agreement (NAFTA) talks. However, the week ended without any conclusion and ministerial level talks will have to resume depending on schedules for the USTR Ambassador Robert Lighthizer and Canada's Minister of Foreign Affairs Chrystia Freeland.

BUDGET PROCESS REFORM: The Joint Selection Committee on Budget and Appropriations Process Reform is working to develop their final proposal before the statutory November 30 deadline. Three ideas keep resurfacing: biennial budgeting; biennial appropriations; and shifting the fiscal year to coincide with the calendar year. The Select Committee's Republican Co-Chair Womack stated that the GOP committee members will back a plan to shift the start of the fiscal year from October to January 1st, but Democrats argue that the change would be disruptive and have little effect. Rep. Lowey, the Select Committee's Democratic co-chair, doesn't see the current fiscal year as something the panel needs to address, noting that it exists "for a number of important reasons, and that start date is not a cause of problems in the budget and appropriations process." House Budget Committee ranking member Yarmuth said he has concerns about the timing of federal agency auditing if the fiscal year end on December 31st. Chairman Womack stated that there's a chance the panel will recommend switching to a biennial budgeting process, which has more Democratic support. Chairman Womack said he doesn't think the panel is likely to take up the idea of passing biennial appropriations bills.

TAX 2.0: House Republicans rolled out the legislative text of their Tax 2.0. The Ways and Means Committee considered it on Thursday and the House considered this week the Save American Workers Act. The bill would delay the so-called Cadillac tax on expensive employer-provided health insurance, get rid of the employer mandate and its 30-hour a week threshold for defining a full-time worker, and repeal the excise tax on indoor tanning.

MIDTERM ELECTIONS (2018 Senate Races): On Monday, Senate Majority Leader McConnell discussed the mid-term elections and rattled off a list of 2018 Senate races he considers "dead even." Per McConnell, "Arizona, Nevada, Tennessee, Montana, North Dakota, Missouri, Indiana, West Virginia and Florida. All of them too close to call and every one of them like a knife fight in an alley, I mean just a brawl in every one of those places. I hope when the smoke clears, that we'll still have a majority in the Senate."

PRIMARY RESULTS (New Hampshire and Rhode Island): In New Hampshire's 1st District, Democrats nominated Executive Councilor Chris Pappas, while Republicans nominated former police chief Eddie Edwards. The seat, which is being vacated by Democratic Rep. Carol Shea-Porter, is seen as a top Republican pick-up opportunity. Pappas, who beat a number of Democratic rivals including Bernie Sanders' son Levi, would be New Hampshire's first openly gay member of Congress; Edwards would be the state's first African-American member of Congress.

Former state Sen. Molly Kelly (D-NH) became the 15th woman to win a gubernatorial nomination this primary season, a record. Kelly will face Republican Gov. Chris Sununu (R-NH), who is very popular in the state, this November.

In Rhode Island, voters headed to the polls this week in one of the last primary contests of the cycle. Gov. Gina Raimondo (D-RI) faces a progressive challenge from former Secretary of State Matt Brown. Her likely GOP opponent, who is expected to offer a tough challenge in the fall, is Cranston Mayor Allan Fung, the 2014 Republican nominee. Fung is running against state Rep. Patricia Morgan in the primary.