

CITY COUNCIL STUDY SESSION**Federal Legislative Update**

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DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

No formal action is required; this is an informational briefing. Congress, the Administration, and Federal agencies each year approve actions that impact the City in a broad range of areas. Staff may recommend, and/or Council may wish to direct, communication to the City's congressional delegation on a range of issues throughout the year.

RECOMMENDATION

NA

BACKGROUND & ANALYSIS

It is June and the mercury and rhetoric are on the rise in Washington, DC. Twenty-three Democrats have declared as candidates for the Democratic Party's presidential nomination. Last week the Democratic National Committee released its list of the 20 candidates that qualify to participate in the first Democratic Presidential Debate. Washington Governor Jay Inslee made the list and is scheduled to participate in the June 26 lineup on NBC.

President Donald Trump continues to face investigations and lawsuits from every corner of the US, including ongoing oversight hearings and investigations in Congress. House Democrats last week moved ahead with a contempt-of-Congress resolution against Attorney General William Barr and Commerce Secretary Wilbur Ross for withholding documents related to plans to add a citizenship question to the 2020 Census. Additionally, the House continues to hold hearings on Special Counsel Robert Mueller's report on Russian interference in the 2016 election and subsequent investigation.

Despite the highly political climate, legislative work is moving, and high-profile negotiations are happening weekly between members of both parties and the White House. On Capitol Hill lawmakers are working at a furious pace to avoid another government shutdown, a default on the national debt this fall and address several other critical issues.

BUDGET & APPROPRIATION

The House is working to stay on pace to complete its appropriations work by the end of June. Senate leaders meanwhile are working to reach agreement with Administration officials on a strategy to raise the budget caps on discretionary spending and avoid a default on the federal debt this year. Senate Republican leaders met recently with Administration officials. There may be a follow-up meeting that includes Democrat leaders from the House and Senate as well. A new agreement on spending caps is necessary to avoid drastic automatic spending cuts ("sequestration" of nearly \$125.7 billion less in FY

2020 than FY 2019), as required under the Budget Control Act of 2011. The House appropriations bills all assume an agreement will be reached.

First Appropriations “Mini-Bus”

The House has begun consideration of the first appropriations “mini-bus” package, which covers Defense, Labor-Health and Human Services (HHS)-Education, State and Foreign Operations and Energy and Water appropriations bills. The package initially included the Legislative Branch bill, but it was removed over objections to a provision that would allow members of Congress to receive a pay raise for the first time in a decade. The agencies and programs covered by the four appropriations bills would receive nearly \$1 trillion in FY 2020. The top-line discretionary funding for each of the bills as passed out of committee are as follow:

Minibus Totals Nearly \$1 Trillion in Discretionary Funds

Modified package covers nearly three-quarters of fiscal 2020 spending

Measure	Discretionary Total	Vs. FY 2019	Vs. Request
Defense	\$690.2B	\$15.8B ▲	\$-8.0B ▼
Labor-HHS-Education	191.7	11.7 ▲	48.0 ▲
State-Foreign Ops	56.4	2.2 ▲	13.7 ▲
Energy & Water	46.4	1.8 ▲	8.4 ▲

Sources: House Appropriations Committee reports, news releases

Notes: Numbers may not match because of rounding. Defense and State totals include cap-exempt Overseas Contingency Operations funds.

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Debate on the appropriations bills and almost 300 amendments has begun. House Democrats will need the majority of their caucus to support the final package to get it out of the House. Republicans have stated they will not support it and the President has already stated he will veto it.

Second Appropriations “Mini-Bus”

The second appropriations package to go to the House floor covers Agriculture-Food and Drug Administration (FDA), Commerce-Justice-Science, Interior-Environment, Military Construction-Veterans Affairs (VA) and Transportation-Housing and Urban Development (HUD). The package contains approximately \$320 billion in FY 2020 discretionary funding. In addition, the package includes a measure that would provide up to \$965 a week in compensation for federal contractors who lost work due to the partial government shutdown earlier this year.

Package Would Provide About \$320 Billion in Fiscal 2020

Measure	Discretionary Total	Vs. 2019	Vs. Request
Agriculture-FDA	\$24.3B	\$1.0B ▲	\$5.1B ▲
Commerce-Justice-Science	73.9	9.8 ▲	N/A
Interior-Environment	37.4	1.6 ▲	6.7 ▲
Military Construction-VA	108.4	10.4 ▲	N/A
Transportation-HUD	75.8	4.7 ▲	17.3 ▲

Sources: House Appropriations Committee reports, news releases.

Notes: Amounts may not match because of rounding. Amounts exclude mandatory funds and obligation limits. Adjusted request figures not provided for C-J-S and MilCon-VA measures.

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More than 500 amendments have been submitted to the House Rules Committee for the package.

A few items of note from the House Transportation-HUD bill include:

- Transportation Department would receive \$167.1 million more than in FY 2019 and \$3.74 billion more than the President's budget request.
- BUILD Grants would receive \$1 billion, an increase of \$100 million over FY 2019. The measure would reserve \$20 million for planning and design of projects in areas of "persistent poverty." The department would be directed to use grant criteria from FY 2017.
- TIFIA Loans - loans that will be repaid with nonfederal funds would count toward the nonfederal share of project costs.
- A new 'Highly Automated Systems Safety Center for Excellence' would be created within the Transportation Department Office of the Secretary from \$10 million in unallocated funds. As reported, the office would "create institutional expertise that can guide future regulatory and rulemaking action on emerging technologies, rather than relying too heavily on outside and private sector expertise."
- Funding is increased for aviation safety at the Federal Aviation Administration following two Boeing Co. 737 Max 8 crashes.
- HUD overall will receive \$5.9 billion more than in FY 2019.
- Community Development Block Grant (CDBG) funds received a slight increase from FY 2019.
- The measure would block the Administration's plans to roll back vehicle fuel economy standards, exclude people living in the US illegally from public housing and take back funds provided for high speed rail in California.

Disaster Aid Supplemental Funding Bill

In early June, President Trump signed a \$19 billion relief package for victims of storms across the US, including \$900 million for Puerto Rico. For months a disaster aid bill had been stalled in Congress over the President's objections to the amount of funding that would be provided to Puerto Rico, which he claims has misused past funds.

Border Supplemental Funding Package

The Senate marked-up a \$4.5 billion border funding package last week. The package would include money for the humanitarian care of migrant families crossing the border and to increase detention beds and personnel. Democrats agree there is a need for supplemental funding to address border humanitarian issues but there is no agreement yet with Republicans on the bill.

OTHER POLICY UPDATES

Health Care

The President and House progressives continue to draw sharp contrasts in their visions for health care with the Administration working to roll back the Affordable Care Act and Democrats trying to preserve and/or expand the policy. The President recently said that "Obamacare has been a disaster," and alluded to a plan to replace it that he will unveil in a month.

In contrast, House Democrats continue to hold hearings on proposals to expand the role of government in health care such as Rep. Jayapal's (D-WA) 'Medicare for All' plan. Thus far, Rep. Jayapal's proposal has received hearings in the House Budget Committee and in the House Ways & Means Committee, which looked at several proposals to expand medical coverage. The Medicare for All proposal would replace most current forms of health insurance and provide comprehensive health-care benefits at no cost to patients. In essence, it would overhaul the US health insurance industry into one run almost entirely by the federal government.

Pandemic Preparedness

The Pandemic and All-Hazards Preparedness Act (PAHPA), S. 1379, is awaiting the President's signature. The bill passed the House by voice vote in early June. The Senate passed the bill in May after an agreement was brokered to remove a "hold" that had kept the bill from moving out of the Senate in the last Congress. The bill, originally enacted in 2006 and reauthorized in 2013, would establish and maintain a framework to prepare for and respond to public health threats that may result in a public health emergency. The bill reauthorizes these programs through FY 2023. Funding was included in FY 2019 for the programs, but this bill would officially reauthorize the programs.

HR 6, The Dream Act, passed the House by a vote of 237-187. The President has threatened to veto it, which means its future is uncertain in the Senate. The bill provides conditional green cards and work authorizations to immigrants who were brought illegally to the US as children if they meet criteria similar to the Obama-era Deferred Action for Childhood Arrivals (DACA) program. The conditional status could be converted to full permanent residency through education, military service or work experience.

IRS Modernization

The Senate unanimously passed the Taxpayer First Act (HR 3151), sending the legislation to the President for his signature. The House passed the bill June 10. The White House has declined to comment on whether the President will sign the measure. The legislation would modify the Internal Revenue Service (IRS) appeals process, creating an independent Office of Appeals to resolve taxpayer disputes. The bill would also change summons and asset seizure procedures, would require the agency to submit a comprehensive customer service strategy to Congress within a year and would bar the IRS from referring low-income taxpayers' debt to private collection companies.

Tax Extensions Package

The House Ways & Means Committee could unveil and take up legislation soon to extend a host of expired/expiring tax breaks. Early reports are that the package could extend the temporary tax credits and tax breaks that expired at the end of 2017 and 2018, as well as those expiring at the end of 2019, through Dec. 31, 2020.

Bloomberg Tax reports that House Ways & Means Chairman Richard Neal (D-MA) is considering paying for the renewal of extenders by altering the estate tax exemption of \$11.18 million per person. Democrats are also considering adding a one percent increase to the corporate tax rate to pay for an expansion of family tax credits such the earned income tax credit, child tax credit and child and dependent care credit—an issue that is a top priority Chairman Neal. Lowering the corporate tax rate to 21 percent was a hallmark of the 2017 tax law. Ways & Means Ranking Member Kevin Brady (R-TX) and Senate Finance Chairman Chuck Grassley (R-IA) said such a proposal would be a non-starter for Republicans.

National Flood Insurance Program Extension

The Disaster Aid Supplemental Funding bill included an extension of the National Flood Insurance Program through the end of the fiscal year (September 30). This gives policy makers more time to work out an agreement on reforms to the program. On June 10, Representative Maxine Waters (D-CA), Chair of the House Financial Services Committee, introduced HR 3167, the National Flood Insurance Program Reauthorization Act. The bill is a “bipartisan compromise” between the Finance Committee’s Democrats and Republicans, according to Rep. Waters. Thus far, the bill is getting a lukewarm reception from the insurance industry, environmentalists, coastal communities, and even other lawmakers.

POLICY & FISCAL IMPACTS

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OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

N/A

AVAILABLE IN COUNCIL LIBRARY

N/A