

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**BIG PICTURE UPDATE**

One week remains before Congress adjourns for its annual August recess and all focus is on whether or not House Speaker Nancy Pelosi (D-CA) and the White House can work out an agreement to raise the budget cap numbers above those mandated in the Budget Control Act and raise the national debt limit so the US doesn't default on its loan obligations. A budget agreement is necessary for Congress to pass appropriations measures by the end of September to fund the government. In addition to ensuring the federal government can be funded by September 30, Congress will also need to reauthorize the Temporary Assistance for Needy Families (TANF) program, the National Flood Insurance Program (NFIP) and the Export-Import Bank, all expire September 30. There's a lot to do in a very short period of time.

BUDGET AND APPROPRIATION

A federal budget agreement continues to elude Congress and the White House as the fiscal year and the federal debt limit deadlines inch closer. Efforts to reach an agreement stalled in late June when Democrats pushed for an increase to nondefense discretionary accounts and limits to defense spending. Republicans prefer an increase in defense and generally hope to limit nondefense spending.

A possible positive sign that a deal could be close has been House Speaker Nancy Pelosi's ongoing discussions with the White House over the last couple of weeks regarding a budget cap and debt limit agreement. Recently, she stated she'd like to pass a measure addressing both the budget caps and debt limit before the House leaves for the August recess on July 26. Earlier in the year, the House failed to move a budget bill to raise the budget caps when agreement could not be reached with the progressive members of the Democratic caucus who wanted higher numbers for non-defense discretionary programs than what House Democratic leaders put on the table. This time around progressives are facing a much tighter timeline before the end of the fiscal year and they may be

motivated to vote in favor of a must-pass debt limit measure that would avert a default on federal payments.

Despite the lack of agreement on topline budget numbers, the Democrat-controlled House has not delayed outlining its budget priorities. The House pushed through all but one of the 12 appropriations bills along party-lines. The House appropriations bills were moved as two “minibus” packages. The first minibuss package covers Defense, Labor-Health and Human Services (HHS)-Education, State and Foreign Operations and Energy and Water appropriations bills. The second minibuss covers Agriculture-Food and Drug Administration (FDA), Commerce-Justice-Science, Interior-Environment, Military Construction-Veteran’s Affairs (VA) and Transportation-Housing and Urban Development (HUD).

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 ‘Highly Automated Systems Safety Center for Excellence’ would be created within the Office of the Secretary from \$10 million in unrequested 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 (FAA) following two Boeing Company 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.

The Legislative Branch appropriations bill is the only bill that has not yet passed the House because of controversies related to congressional salaries. Republicans opposed the House-passed appropriations packages and the White House has issued notice of vetoes.

The Senate delayed its work on appropriations until a budget caps agreement is reached. As the September 30 deadline approaches, however, Senate Appropriations Chairman Richard Shelby (R-AL) is feeling pressure to get started and has stated it may be necessary for the Senate to “assume” some budget cap numbers to simply get the process going. Nothing has been released yet from the Senate

Appropriations Committees, however, and Majority Leader McConnell (R-KY) continues to insist that the Senate wait for a budget agreement.

Also concerned about the pending fiscal deadlines, the White House recently proposed a year-long continuing resolution (CR) at current funding levels for FY 2020. The Administration's proposal would also include a one-year increase in the debt limit. Several Senate Republicans, however, oppose the year-long CR proposal citing strong concerns that freezing Department of Defense (DOD) funding levels at FY 19 levels would delay implementation of the President's National Defense Strategy and increase costs. Senate Majority Leader McConnell also continues to advocate for an agreement to increase the budget caps and debt limit. Even if no agreement is reached on the budget caps, a short-term CR may still be necessary to simply provide congressional members time needed to get bills done.

Border Supplemental Funding Package

A \$4.5 billion border supplemental funding package was approved by Congress and signed by the President on July 1. The package includes additional funding for the humanitarian care of migrant families crossing the border and to increase detention beds and personnel. The Administration requested the additional funding back in May but disagreements over immigration policy and border security issues prevented passage by the House until July. After much political drama and the prospect of a possible revolt from moderate Democrats, including freshmen facing tough reelections next year, House Democratic leaders were forced to consider the Senate-passed bill which contains fewer restrictions on the Department of Homeland Security (DHS) and more money for Immigration and Customs Enforcement (ICE) and the Pentagon than a House Democratic proposal. House Speaker Nancy Pelosi did succeed in reaching an agreement with Vice President Mike Pence over the operation and administration of migrant centers to ease some of the concerns of her caucus to get the bill through.

OTHER POLICY UPDATES

Healthcare

Healthcare is in the spot light on both the presidential campaign trail and in the halls of Congress. On the campaign trail, Democrat presidential candidates are drawing contrasts in their approach to healthcare policy. Policy proposals range from Senator Bernie Sanders (I-VT) who champions a "Medicare for All", government-run health insurance system to former Vice President Joe Biden whose plan focuses on preserving the Affordable Care Act (ACA) and does not eliminate private insurance but instead provides a Medicare-like, public option for insurance while increasing the value of tax credits, lowering the cap on the cost of insurance and offering coverage to Americans in states that haven't expanded Medicaid under Obamacare. Senator Cory Booker (D-NJ) is reportedly planning to unveil a plan focused on delivering long-term health care to elderly Americans.

On the Hill, Senate Republicans who just a few months ago said they would not consider legislation to replace the ACA may now be forced to reverse course. After tough questioning recently by the conservative judges who make up the majority of the 5th Circuit Court, it is looking like the court could

rule that the ACA is unconstitutional. If that happens, the Supreme Court will have to take up the matter and a decision could be rendered by July 2020, in the thick of the presidential election campaign. Republicans want to be ready with a replacement plan in the case the courts nullify ACA. Senate Republicans are ironically most worried about preserving two key ACA provisions rather than doing away with ACA entirely. Senate Majority Leader McConnell has pledged that the Senate would act swiftly to protect people with pre-existing medical conditions. There's also a strong desire to continue provisions that allow young adults to remain on their parent's health insurance until age 26. These are the ACA's most popular provisions.

Healthcare Cadillac Tax

The House plans to vote as early as next week on the repeal of the ACA's "Cadillac Tax," (HR 748), a 40% tax on the cost of coverage that exceeds certain amounts. The tax was originally set to take effect in 2018 and apply to employer-sponsored health plans that in that year cost more than \$10,200 for individuals and \$27,500 for families. The tax was one of several included as an offset to ACA. Implementation of the tax has been delayed several times and repealing the provisions is popular among many lawmakers. Three hundred and sixty House members support the bill and 42 Senators are co-sponsors of similar legislation in the Senate.

Immigration

The Administration continues to aggressively pursue policies to reduce immigration at the US southern border.

Deferred Action for Childhood Arrivals (DACA)

The Supreme Court agreed to hear the Administration's bid to end deportation protections for hundreds of thousands of young undocumented immigrants, taking up a politically explosive issue likely to be resolved in the heat of next year's presidential election campaign.

The Administration is challenging rulings that blocked it from rescinding the DACA program, begun under President Barack Obama. Lower courts have said the Trump Administration's explanation—that the program is illegal—isn't adequate. The Supreme Court will hear arguments and rule in the term that starts in October and runs through June 2020.

Asylum Status

It was reported on July 15 that the Administration is preparing new rules that would change immigration policy related to those seeking asylum status at the US southern border. The new rules would require immigrants seeking refugee status to do so in the first country they enter rather than at the US border. The rule is likely to be immediately challenged in court.

2020 Census

The Supreme Court ruled on June 27 that the Administration had not provided sufficient justification for its plan to add a question about citizenship to the 2020 census. The Administration has, for now, backed down on trying to add a question to the 2020 census but has said it will, "...seek the

information through other means.” An Administration official said the Commerce Department, which manages the census, would be directed to figure out how to obtain the data from other sources.

Minimum Wage

The House is poised to take up a bill to increase the federal minimum wage. HR 582 would increase the federal minimum wage to \$15 per hour by 2024 and then adjust the rate annually based on median wages. It would also gradually phase out separate lower wages for tipped workers, youth, and individuals with disabilities. The current federal minimum wage is \$7.25, a level that hasn’t changed since 2009. The House could take up the bill next week, according to House Majority Leader Steny Hoyer (D-MD).

US Tech Giants

US technology giants headed to Congress last week to respond to antitrust concerns. Executives from Google, Facebook, Apple and Amazon appeared before the House Judiciary Committee. This is the first time since Microsoft was summoned to Congress in 1998 to answer to monopoly charges, that the business practices of technology companies are coming under serious congressional scrutiny.

This congressional oversight is in addition to actions already underway in the Administration to review the business practices of some of the largest US technology companies. The Justice Department and the Federal Trade Commission (FTC), which share antitrust jurisdiction, took the first steps toward investigating conduct by the biggest companies, with the Justice Department taking responsibility for Google and Apple, and FTC overseeing Facebook and Amazon.

POLICY & FISCAL IMPACTS

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OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

N/A

AVAILABLE IN COUNCIL LIBRARY

N/A