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Memorandum

From: Jane Sargent, Rick Spees and Jose Villalobos

To: Chairwoman Audrey Edmonson
Board of County Commissioners

CC: Joe Rasco

Date: February 6, 2019

Subject: January 2019 Monthly Report

In January, Jane Sargent met with Joe Rasco and Phillip Drujak from the Office of Intergovernmental Affairs (OIA). We discussed a number of the County's federal issues and legislative priorities, including appropriations, transportation and potential grant opportunities. We also discussed the County's federal legislative package for this year and potential opportunities as a result of the mid-term elections and changes in Congress. This included the potential for an infrastructure package, increased appropriations for County priorities, and other possible legislative opportunities for the County to pursue its agenda.

Appropriations:

On January 25, after a 35-day partial federal government shutdown, the President signed legislation to re-open the government until February 15. Before that date, it is hoped that the White House and the Congressional leadership will be able to reach an agreement on legislation to fully fund the federal government for the rest of Fiscal Year 2019, which ends on September 30. Currently both sides are posturing more than negotiating, but we believe a deal will get done and that there will not be another government shutdown.

By way of a very brief background, there are twelve appropriations bills that make up the federal budget. Congress successfully passed five of them before the start of the fiscal year on October 1. To keep the agencies funded by the other seven bills operating, Congress passed a series of

Continuing Resolutions (CRs). A CR allows the agencies to run at last year's levels for a set period of time, but do not allow them to start any new programs or projects. Congress worked with the White House until late December trying to work out a final budget bill that covered the agencies that had not yet been funded. Unfortunately a disagreement between the President and the Democrats over funding for a border wall could not be resolved. When the existing CR expired on December 22, there was no legislation in place to keep the agencies operating and a partial government shutdown resulted.

The shutdown ran for over a month. Federal employees in the impacted agencies did not get paid. About half were told not to come to work. The other half were directed to come to work as they had jobs deemed to be "essential", but they too were not paid. Government services were suspended to the public. Even for services determined to be essential, like running the air traffic control system, operations began to fall apart. Commercial flights were cancelled due to a lack of controllers and TSA agents. The pressure built until the President declared that he would agree to sign another CR that would run until February 15. That gave the President and the Congress another three weeks to find a solution to the border wall impasse.

We cannot predict how this will end, however, we do believe there will not be another shutdown. The uproar over the last one, and the political pressure the Republican Senators went through, convince us that the Senate Republican leaders have told the President that they will not support another shutdown. In the meantime, the House and Senate negotiators are working in good faith to find a deal that everyone can support. It may be that the compromise includes money for border barriers that the President can call a wall and the Speaker can call something else. If all else fails, the President can declare an emergency and try to build a wall with existing funds. Such a move would be controversial and would be challenged in court and in Congress, but it would allow the President to sign a final FY2019 appropriations bill. Both sides would live to fight another day, but the government would be funded and operating.

FY2020 President's Budget:

By law, the President is supposed to submit his budget to Congress the first week of February. However, there is no penalty for missing that deadline and Presidents often do. This year, the budget will be delayed until March because of the partial federal government shutdown from December 22 until January 25. This time would normally have been spent finalizing the President's budget proposal. However, only about one-third of the Office of Management and Budget (OMB) staff was working during the shutdown. As a result, the President now plans to release a budget overview and summary tables the week of March 11. The detailed budget and remaining budget materials will be released the week of March 18. This delay, along with the unfinished FY2019 process, will push back the start of the FY2020 appropriations process.

State of the Union:

President Trump's State of the Union speech highlighted key points of the Administration's agenda, but provided few specifics. For instance, he stated that he was eager to work with Congress to pass an infrastructure bill, but offered no details or ideas on how to pay for it. His brief mention of the need for infrastructure legislation, however, was one of the few items that drew bipartisan applause from the Members of Congress during his lengthy speech.

The President spent much of his speech discussing immigration and the need for the southern border wall. He continued to reiterate his position that refugees on the U.S.-Mexico border were a national security threat and stated that he would be deploying additional U.S. troops to the border to address this situation. He did not offer new border security proposals and did not call for a national emergency for the wall, which is expected to face bipartisan opposition and legal challenges. He urged Congress to reach an agreement on border security before the current CR expires on February 15.

The President touched on a few health care priorities. He indicated that his FY2020 budget would request \$500 million for childhood cancer research. He also set an ambitious goal of eliminating HIV transmission in the U.S. by 2030. He urged Congress to work with him to address the cost of prescription drugs and transparency in health care pricing. He also promoted paid family leave, but again provided few details of how he would address these priorities.

President Trump touched on a number of national defense and foreign policy issues, including a new summit with North Korea, troop withdrawal in Syria and Afghanistan, and the need for increased military spending and strengthening of the nation's missile defense system. He reiterated his concerns with trade deals, including the North American Free Trade Agreement. He noted the new U.S.-Mexico-Canada trade agreement his administration has negotiated and urged Congress to ratify it. He also asked Congress to support legislation that would allow the U.S. to place reciprocal tariffs on other nations that raise their levies against the U.S.

While calling for common ground in his speech, President Trump also criticized "ridiculous partisan investigations". This was presumably a reference to the ongoing special counsel investigation and Congressional inquiries into the President's campaign. As you can imagine, this was one of the items that did not receive bipartisan applause.

In the coming weeks, the President will be providing more details about some of the items touched on in his speech, particularly when his budget is released in mid-March. We will provide details to the County as they become available.

H.R. 300, the "Unfunded Mandates Information and Transparency Act":

One of the County's key federal legislative priorities continues to be opposition to any additional cost shifts or unfunded mandates from the federal government to the County. This is a concern

of many state and local governments. In response, Representative Virginia Foxx (R-NC) re-introduced legislation in January aimed at further detailing the costs of unfunded mandates on state, local and tribal governments, as well as businesses.

The bill was introduced in the last Congress and passed the House, however, it was not taken up by the Senate. Last session, the legislation was supported by state and local government organizations who stressed the importance of limiting unfunded mandates. However, the bill did not have wide bipartisan support and will likely face challenges this session.

Activities for February:

Congress and the White House are working to complete the seven outstanding FY2019 appropriations bills. The current CR runs until February 15th. If they are unable to work out an agreement by then, there will be another partial government shutdown. While we have heard that agencies are preparing for that possible outcome, we remain optimistic that deal can be reached to avoid it. With the start of the new session, bills from last session that were not finished are being re-introduced and the White House is in the process of re-nominating outstanding nominations. While Congress is conducting its regular business and considering other legislation, the primary focus continues to be the FY2019 appropriations bills and trying to avoid another shutdown, which caused lasting impacts on the economy and hardships to federal employees, contractors, and their families. We will continue to monitor and report on Presidential actions and any other legislative developments of interest to the County.