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Memorandum

From: Jane Sargent, Rick Spees and Jose Villalobos

To: Chairman Esteban Bovo
Board of County Commissioners

CC: Joe Rasco

Date: August 9, 2018

Subject: July 2018 Monthly Report

Appropriations:

Both the House and the Senate have gone out of session. The House has adjourned until September 4, after Labor Day. The Senate went out late last week, but will reconvene next week on August 15. It is unclear how long the Senate will stay in DC until it adjourns until Labor Day like the House. We expect it will be in for about a week.

As a reminder, there are twelve appropriations bills that, taken together, make up the entire federal budget. Earlier this summer, both the House and the Senate combined three of the bills together and passed the legislation. That bill is now in conference. It includes the provisions of the following separate appropriations bills:

- The Department of Energy and the U.S. Army Corps of Engineers;
- The Department of Veterans Affairs;
- The Legislative Branch.

The House then combined the provisions of two other bills and passed it. That bill includes the provisions of the following separate appropriations bills:

- The Department of Interior and the EPA;

- The Department of the Treasury and other financial services agencies.

The Senate took up the House-passed bill and added the provisions of two additional appropriations bills and passed it last week. They are:

- The Department of Agriculture;
- The Departments of Transportation and HUD.

The House also passed an additional bill -- the one that funds the Department of Defense.

Thus, as of today, the Senate has passed seven of the twelve bills that comprise the budget and the House has passed six. Next week the Senate leadership plans to take up the House-passed Defense appropriations bill and combine it with the bill that funds the Departments of Labor, Health and Human Services and Education. If the combined bill passes, the Senate will then have passed nine of the twelve bills. All this will be done by Labor Day.

After that, things will get tricky. The new fiscal year, Fiscal Year 2019, starts on October 1. The Congress is only scheduled to be in session a total of eleven days in September. It is not possible for the House to pass the remaining six bills before the end of September. It is doubtful if all the bills the Senate has passed will get through conference. A significant part of the government will not have enacted appropriations bills in place. To keep the government operating, Congress will pass a Continuing Resolution that will last two or three months. Congress will adjourn in early October through the elections. Then in a lame duck session they will try to complete the process.

There have been statements by the President that he is willing to shut the government down if he does not get funding for the Southern border wall. He could do this by vetoing the Continuing Resolution. We do not believe that will happen before the elections. We believe the Congressional leadership will be able to convince him that a shutdown will hurt the Republicans in the elections and he will hold his fire. After the election is another story, but that will be in a future report.

FY2019 Labor-HHS-Education Appropriations Bill:

One of the bills marked up by the House Appropriations Committee in July was the FY2019 Labor-HHS-Education bill. The House bill provides \$177.1 billion for the Departments of Labor, Health and Human Services, Education and other related agencies. The bill was reported to the full House by a vote of 30-22 on July 11. The Senate approved its version of the FY2019 bill in late June. Highlights of the House bill include:

Department of Health and Human Services

Ryan White HIV/AIDS Programs: The House bill includes \$2.32 billion (same as the FY2019 Senate bill and FY2018 level, but \$58.6 million more than the President's FY2019 budget request) to provide HIV-related services.

Head Start: The House bill includes \$9.91 billion for Head Start, which is below the FY2019 Senate level of \$10.1 billion, but \$50 million more than FY2018 and \$638 million more than the President's budget request.

Child Care: The House bill includes \$5.226 billion for Child Care and Development Block Grants (CCDBG) (same as the FY2019 Senate bill and FY2018 level, but \$2.22 billion more than the President's budget request).

Preschool Development Grants: The House bill provides \$250 million, the same as the FY2019 Senate bill and FY2018 level, to support States' efforts to expand or create high-quality pre-school systems for 4-year-olds from low- and moderate-income families. The President's budget proposes to eliminate funding for these grants.

Healthy Start: The House bill includes \$110.5 million for the Healthy Start program (\$12 million less than the FY2019 Senate bill, but the same as FY2018 and \$7 million above the President's budget request).

Senior Nutrition Programs: The House bill includes \$896.8 million, the same as the FY2019 Senate bill and FY2018, but \$59 million above the President's budget request, for senior nutrition programs, which provides congregate meals and meals on wheels to needy seniors.

State Opioid Response Grants: The House bill includes \$1 billion for these grants (same as FY2018) authorized under the 21st Century Cures Act to combat the opioid epidemic. The FY2019 Senate bill provides \$1.5 billion (a \$500 million increase) for these grants.

Department of Labor

Job Training: The House bill includes \$3.47 billion (\$27 million less than the Senate bill and \$12 million less than FY2018, but \$254 million more than the President's budget request) for job training programs, including \$903 million for youth employment and training activities and \$93 million for ex-offender retraining and reintegration activities.

Veterans Employment and Training: The bill includes \$295 million (\$5 million less than the Senate bill, but \$4.6 million above FY2018 and \$18 million more than the President's budget request) to expand employment services to transitioning service members, veterans with disabilities, and their spouses and caregivers.

FY2019 Homeland Security Appropriations Bill:

On July 25, the House Appropriations Committee approved its version of the FY2019 Department of Homeland Security (DHS) Appropriations Bill. The House bill provides \$51.4 billion for DHS for FY2019. The bill was reported to the full House by a vote of 29-22. The Senate approve its version of the FY2019 bill in June. Highlights of the House bill include:

FEMA State and Local Programs: The bill includes the following for State and Local Programs:

- **State Homeland Security Grant Program:** The House bill includes \$538 million (\$26 million more than the FY2019 Senate bill, \$31 million more than FY2018, and \$188 million above the President's FY2019 budget request) for SHSGP. Of this amount, \$85 million is provided for Operation Stonegarden.
- **Urban Area Security Initiative (UASI):** The House bill provides \$661 million (\$56 million more than the FY2019 Senate bill, \$31 million more than FY2018, and \$212 million over the President's budget request) for UASI. Of this amount, \$50 million is provided for non-profit organizations at high risk of a terrorist attack.
- **Public Transportation Security Assistance, Railroad Security Assistance and Over-the-Road Bus Security Assistance:** The House bill provides \$100 million (same as the Senate bill and FY2018, but \$63.6 million above the President's budget request) for these grants. Of this amount, \$10 million is provided for Amtrak Security and \$4 million for Over-the-Road Bus Security.
- **Port Security Grants:** The House bill provides \$100 million (same as the Senate bill and FY2018, but \$63.6 million above the President's budget request) for port security grants.
- **Education, Training, and Exercises:** The House bill provides \$275 million these programs (same as the Senate bill, \$738,000 above FY2018 and \$131 million more than the President's budget request).
- **Firefighters Assistance Grants:** The House bill provides \$350 million for SAFER and \$350 million for Assistance to Firefighter Grants (AFG). This is the same amount as the FY2019 Senate bill and FY2018, but \$5.6 million than the President's budget request for each grant program.
- **Emergency Management Performance Grants:** The House bill provides \$350 million for EMPG (same as the Senate bill and FY2018, but \$70.7 million above the President's budget request).
- **Predisaster Mitigation:** The House bill provides \$249.2 million for Predisaster Mitigation (\$800,000 less than the Senate bill, but the same as FY2018 and \$211 million above the President's budget request).
- **Emergency Food and Shelter Program:** The House bill provides \$120 million (\$20 million more than the Senate bill, but the same as FY2018) for this program. The President's budget eliminated funding for this program.

- **FEMA Disaster Relief:** The House bill provides \$7.2 billion for disaster relief (\$24 million less than the Senate and the President's budget request, and \$690.7 million less than FY2018).

Urban Area Security Initiative [UASI] Risk Assessment: The House bill includes language requiring FEMA to prioritize UASI funding toward urban areas that are subject to the greatest terrorism risk, and to allocate resources in proportion to that risk. FEMA is also directed to limit UASI funding to urban areas representing up to 85 percent of the national urban area risk.

Customs and Border Protection (CBP): The House bill contains \$17.8 billion in discretionary appropriations for CBP – an increase of \$3.8 billion above FY2018. It is also \$3.5 billion above the FY2019 Senate bill. This includes \$5 billion for border security assets and infrastructure, for over 200 miles of new physical barrier construction along the southern border and \$126 million for border technology. It also includes support for 375 new CBP officers above the President's budget request.

Immigration and Customs Enforcement (ICE): The House bill provides \$7.4 billion for ICE, which is \$195 million above the FY2019 Senate bill and \$328 million above FY2018, for immigration enforcement. This includes \$78 million to hire \$400 additional law enforcement and support staff, and \$1.9 billion for domestic and international investigations, including efforts to combat human trafficking, child exploitation, cybercrime, visa screening, and drug smuggling.

Transportation Security Administration (TSA): The House bill includes \$7.3 billion for TSA, which \$77 million less than FY2018 and \$82 million above the President's budget request. This includes \$20 million above the budget request for the purchase and installation of approximately 240 new carry-on baggage screening systems to improve detection capabilities at airport checkpoints. The bill also includes funding above the request to hire, train, and deploy 50 new canine teams to further enhance security and expedite processing time.

National Flood Insurance Program (NFIP):

Congress has been working on legislation to reauthorize the National Flood Insurance Program (NFIP). The current law, the Biggert-Waters Flood Insurance Reform Act of 2012 (Public Law 112-141), originally expired on September 30, 2017. Congress has continued to pass short-term extensions since then to keep the program running.

In November 2017, the House passed a bill, the 21st Century Flood Reform Act, to reauthorize the NFIP for five years, through September 30, 2022. It also made a number of changes to the NFIP. The House passed the bill on a mostly party line vote with Representatives Ros-Lehtinen, Curbelo, Diaz-Balart, Wasserman Schultz and Wilson voting against the bill.

There were bipartisan concerns that the bill would promote the private flood insurance market and allow some NFIP rates to increase. The House bill has faced strong opposition in the Senate.

The latest extension of the NFIP expired on July 31st. Before adjourning for the August recess, the House and Senate passed another short-term extension of the program until November 30, 2018. Congress will need to reach an agreement on a final bill before then or they will have to pass another extension of the program in November.

House Infrastructure Proposal:

President Trump has proposed a \$1 trillion program to improve the nation's infrastructure, but has released very few details of his proposed plan. For the past year and half, Congress has been waiting for the Administration to release a more detailed plan.

On July 23, House Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA) released a discussion draft of his infrastructure plan. Chairman Shuster's plan reflects input from Republicans and Democrats as well as infrastructure stakeholders. The proposal is not intended to be a final infrastructure bill and is not expected to be taken up by Congress this session. Chairman Shuster, who is retiring after this session, wanted to put forward an infrastructure package to prompt discussions on his program proposals and potential revenue raisers to pay for the package.

Highlights of Chairman Shuster's discussion draft include:

Transportation:

- Increase the gas tax by 15 cents per gallon and increase the diesel tax by 20 cents per gallon (following a three-year phase-in period, the gas/diesel tax would be indexed for inflation and ultimately would be eliminated in September 2028);
- Establish a 10 percent tax on the wholesale price of bicycle tires on adult bikes and a 10 percent tax on the price of electric vehicle batteries;
- Institute a 4.3 cent tax on diesel fuel used by passenger trains;
- Establish a national, volunteer pilot program to demonstrate the viability of mileage-based user fee to replace the existing user fees on gasoline and diesel;
- Create a Highway Trust Fund Commission consisting of 15 members to make recommendations about revenue sources for the future and specifically directs sources other than motor fuels taxes should be recommended. The Commission would be required to submit a report by January 15, 2021, and the recommendations would get an automatic up or down vote in Congress with no amendments or filibusters;
- Extend FAST Act authorization for one year through FY2021;
- Authorize the BUILD (formally TIGER) grant program at up to \$3 billion per year. Grants would have to be greater than \$25 million with a maximum federal share of 80 percent. 30 percent of the funding would be set aside for rural projects;

Other Infrastructure:

- Extend the water infrastructure (WIFIA) loan program at EPA through 2024 at \$50 million credit subsidy cost per year.

- Create a revolving fund for large federal real estate purchases.
- Create a \$10 billion Federal Capital Revolving Fund to finance the cost of constructing and rehabilitating federal buildings.
- Increase financial assistance to small communities through the Clean Water Revolving Loan Fund.
- Spend down revenue accumulated in the Harbor Maintenance Trust Fund.

Accelerating Project Delivery:

- Continue to reform the environmental review and permitting process to accelerate delivery of critical transportation projects.
- Authorize the use of innovative practices and make other administrative reforms to expedite the environmental review and permitting process for transportation projects.

Activities for August:

The House is out of session until after Labor Day. The Senate is taking an abbreviated August recess. They are currently out of session until August 15. They plan to return to take up nominations and a combined Defense-Labor/HHS/Education appropriations bill. While they are scheduled to remain in session for the remainder of the month, it is anticipated that the Senate Majority Leader will give them additional time back home before Labor Day. When they reconvene in September, they will have a busy agenda. The Senate Judiciary Committee will hold a confirmation hearing for the latest Supreme Court Justice nominee, Brett Kavanaugh, so the Senate can vote on his nomination before the November elections. They will also try to make further progress on the FY2019 appropriations bills. While they may be able to complete some of the bills, a Continuing Resolution is expected to fund at least part if not all of the federal government when the new fiscal year begins on October 1. There are number of other expiring authorizations, such as the FAA reauthorization, that must also be extended before the fiscal year ends on September 30. We will continue to monitor and report on Presidential actions and any other legislative developments of interest to the County.