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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: June 27, 2019

Subject: June 2019 Monthly Report

In June, Jane Sargent met with Joe Rasco from the Office of Intergovernmental Affairs (OIA). We discussed the County's legislative agenda, including the status of the Fiscal Year (FY) 2020 budget and appropriations process as well as commission resolutions on key issues. We discussed the status of the National Flood Insurance Program (NFIP), which was recently extended until September 30, 2019. We also discussed the possibility for an infrastructure package before the next election and the difficulties in reaching a resolution on how to pay for a large infrastructure package through a gas tax increase or other revenue raising options.

Appropriations:

In June, the House made significant progress on the FY2020 appropriations bills. The House has passed 10 of the 12 individual appropriations bills. This week the House passed a five-bill package of FY2020 appropriations bills as well as the FY2020 Financial Services appropriations bill, which funds the Treasury Department, the White House and number of independent agencies. The five-bill package included the Agriculture, Commerce-Justice-Science, Interior and Environment, Military Construction-VA, and Transportation-HUD bills. Previously, the House passed a four-bill package, which included the Labor-HHS-Education, Defense, State-Foreign Operations, and Energy-Water bills.

The two remaining bills, the Legislative Branch and Homeland Security bills, will be considered on the House floor after the July 4th recess. They have both been marked up by the House Appropriations Committee, but floor consideration has been delayed because of controversial policy issues in both bills that need to be resolved. The Legislative Branch bill includes a controversial provision that would allow for a Congressional pay raise, and the Homeland Security bill is again tied up over issues related to immigration and border security.

The Senate remains much further behind in the process. The Senate Appropriations Committee Chairman Richard Shelby was hoping that Congress and the White House would reach an agreement on the overall discretionary spending caps before his committee moved forward with the FY2020 appropriations bills. However, those negotiations are likely to drag on for months.

The White House supports increases in defense spending, but not nondefense spending. The House Democrats support increases in both defense and nondefense spending. Rather than for waiting an agreement, they set their own spending caps significantly above the current level and moved forward with their FY2020 bills. The House bills have passed on mostly party-line votes and the White House has threatened to veto them all because of the high spending levels. The Administration also objects to a number of policy riders in the bills that would block the Administration from taking certain actions objectionable to House Democrats. There is bipartisan support in the Senate for increases in both defense and nondefense spending, but not as high as the House spending levels. Eventually they will need to figure out an agreement on the spending levels before they will be able to complete the FY2020 bills. We expect that it will be below the House level, but above the current FY2019 level.

In the meantime, Senate Appropriations Committee Chairman Shelby has indicated that he may move forward with the FY2020 bills in July, even if there is no budget agreement in place. The Chairman suggested that the committee would set its own spending levels, which would allow them to move ahead with markups on the individual bills. However, at this point, Senate Majority Leader Mitch McConnell does not appear to be supportive of Chairman Shelby's plan and still wants to work out an overall budget agreement with the White House and the Congressional leadership before the Senate proceeds with the FY2020 bills.

FY2020 Department of Homeland Security Appropriations Bill:

As we previously reported, the House Appropriations Committee marked up the FY2020 Department of Homeland Security (DHS) bill on June 11. Highlights of the bill include:

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

- **State Homeland Security Grant Program:** The bill includes \$625 million (\$100 million more than FY2019 and \$293 million above the President's FY2020 budget request) for SHSGP. Of this amount, \$90 million is provided for Operation Stonegarden and \$40 million for nonprofit security.

- Urban Area Security Initiative (UASI): The bill provides \$700 million (\$60 million more than FY2019 and \$273.5 million more than 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 bill provides \$110 million (\$10 million more than FY2019 and \$73.6 million above the President's budget request) for these grants. Of this amount, \$10 million is provided for Amtrak Security and \$2 million for Over-the-Road Bus Security.
- Port Security Grants: The bill provides \$110 million (\$10 million more than FY2019 and \$73.6 million above the President's budget request) for port security grants.
- Education, Training, and Exercises: The bill provides \$281.5 million (\$4.8 million above FY2019 and \$131 million more than the President's budget request).
- Firefighters Assistance Grants: The bill provides \$375 million for SAFER and \$375 million for Assistance to Firefighter Grants (AFG). This \$25 million more than FY2019 and \$30.7 million than the President's budget request for each grant program.
- Emergency Management Performance Grants: The bill provides \$375 million for EMPG (\$25 million more than FY2019 and \$95.7 million above the President's budget request).
- Predisaster Mitigation: The bill directs FEMA to spend 6% of the funds expended through the Disaster Relief Fund to be used for the Predisaster Mitigation Program (PDM). The President's budget did not propose funding for the PDM. The program was funded at \$250 million in FY2019.
- Emergency Food and Shelter Program: The bill provides \$130 million (\$10 million above FY2019) for this program. The President's budget eliminated funding for this program.
- FEMA Disaster Relief: The bill provides \$14.5 billion for disaster relief to fund recent major disaster response and recovery activities.

Urban Area Security Initiative [UASI] Risk Assessment: The House report includes the usual 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 bill provides \$13.8 billion for CBP, \$1.1 billion below FY2019 and \$4.3 billion below the President's budget request. The bill provides \$151 million for 1,846 new positions, including \$91 million for 1,200 CBP officers. It also includes \$105 million for new border security technology. However, the bill provides no funding for additional Border Patrol Agents, Border Patrol checkpoints or border barriers. The President's FY2020 budget requested \$5 billion to support construction of approximately 200 miles of border wall system and an increase of \$163.6 million to recruit, hire and train 750 new Border Patrol Agents.

Immigration and Customs Enforcement (ICE): The bill provides \$7.67 billion for ICE, which is \$82 million above FY2019 and \$1.1 billion below the President's budget request, for immigration enforcement. This includes \$3.9 billion for enforcement and removal operations, including funding for an average daily population of 34,000 single adults in detention, a phase out of family detention by the end of 2019, additional funding to continue expanding alternatives to detention and family case management, and additional possible funding in response to a migration surge.

Transportation Security Administration (TSA): The bill includes \$7.9 billion for TSA, which \$279 million more than FY2019 and \$581 million above the President's budget request. This includes \$82 million to continue funding TSA staffing of exit lanes, \$45 million to sustain the Local Law Enforcement Reimbursement Program, and \$20 million for reimbursement to airports for purchases of in-line explosive detection system prior to August 3, 2007.

United States-Mexico-Canada Agreement (USMCA):

In June, there were additional developments on the USMCA. Negotiations between the U.S., Canada and Mexico on a revised NAFTA agreement wrapped up last October. The new agreement was signed by the three countries on November 30, 2018, and the countries are in the process of ratifying the agreement. The Mexican Senate ratified the USMCA in June by a vote of 114-0.

In Canada, Prime Minister Justin Trudeau introduced implementing legislation in the House of Commons in May. However, the Canadian parliament has adjourned until September with the implementing legislation still in committee. There is a possibility it could be called back for a ratification vote if necessary. The Prime Minister was in Washington in June to meet with the President and Congressional leaders to promote the USMCA and urge Congressional approval.

In the U.S., Congress is still waiting for the Trump Administration to send the implementing legislation to Capitol Hill for consideration. While they have started the process to submit the USMCA under Trade Promotion Authority (TPA) or "fast track" authority, which allows trade agreements to move through Congress under special expedited procedures and pass by a simple majority in both chambers, they have yet to send the final text of agreement to Congress for consideration.

The House Democratic leadership continues to have serious concerns with the trade agreement over a number of issues, including enforcement of labor and environmental protections and prescription drug costs, and have urged the Administration to make changes to the USMCA before sending it up for approval. While there will be Republican support for the bill, it will not be able to get through the House without broad Democratic support. House Democrats are still hoping that the deal could be reopened to address their specific concerns without jeopardizing the entire agreement. At this point, it is unlikely the implementing legislation will be considered before the August recess.

2020 Census:

The U.S. Department of Commerce and the Census Bureau have been preparing for the 2020 decennial census. The Trump Administration has been planning to include a controversial citizenship question on the 2020 Census. The citizenship question has been strongly objected to by states and local governments over concerns that it will lead to an inaccurate count in the census, which would have severe negative impacts on states and local governments. The decennial census is the basis for political representation and federal funding allocations for a wide variety of programs, such as community development block grants, homeland security grants, funding for first responders, and transportation funding. Opponents to the citizenship question argue that it would deter millions of people from responding to the census questionnaire, particularly in communities with large immigrant populations, which would result in an undercount and have long term effects on those communities.

The House version of the FY2020 Commerce-Justice-Science Appropriations bill includes increased funding for the Census Bureau to conduct the 2020 Census. It also includes language the White House and conservative Republicans have objected to that would bar the Census Bureau from including a citizenship question on the 2020 Census questionnaire. However, it is doubtful that this language will survive in the final version of the FY2020 appropriations bill.

In the meantime, a challenge to the citizenship question has been moving through the federal courts. In April, the U.S. Supreme Court heard oral arguments in a case brought by the State of New York against the U.S. Department of Commerce. New York, supported by other states and local governments, strongly objected to the citizenship question on the 2020 Census questionnaire and the process used by the Commerce Department to include the question on the census. On June 27, the Supreme Court blocked the Trump Administration from adding the question about citizenship to the 2020 census finding that the Commerce Department had not properly justified its reason for adding the question. The Supreme Court sent the case back to the lower court and directed the Commerce Department to rectify discrepancies in its explanation for including the citizenship question on the census.

While the case has been sent back for further proceedings, it is not clear if the Census Bureau will have time for the case to make it through the court process again before it has to begin printing the 2020 Census questionnaire. The Commerce Department has previously said that the deadline is June 30, for adding the question and printing the census documents in time for the count to start early next year. The President has criticized the court's decision and the Commerce Department is still considering its options in light of the ruling.

Opportunity Zones:

The Opportunity Zones program was created by the 2017 Tax Cuts and Jobs Act to encourage investment in distressed communities. Last June, the designations for Qualified Opportunity

Zones were finalized. The U.S. Department of Treasury certified opportunity zones in 8,761 communities in all 50 states, the District of Columbia and five U.S. territories.

The U.S. Treasury Department has proposed two sets of rules related to the Opportunity Zone program, in October 2018 and April 2019, clarifying program requirements. The Department is still finalizing those two sets of proposed rules, which should provide enough detail for Opportunity Funds to get organized and begin making investments in qualified zones. However, there are some outstanding questions about the program, so it was thought that the Treasury Department and IRS would be working on additional guidance. However, in June, a Treasury Department official stated that they were not working on a third set of proposed regulations as expected, but were focused on finalizing the two previously proposed rules.

Also, in June, the U.S. Economic Development Administration (EDA), which provides grants and technical assistance to economically distressed communities in order to generate jobs and stimulate growth, announced that Opportunity Zones would be added as an investment priority for the EDA's competitive grant process going forward. By making this a new investment priority, the Administration hopes it will increase the number of Opportunity Zone-related projects the EDA can fund to spur investment in these areas. Additional information about the EDA and available grant opportunities is available online at: <https://www.eda.gov/funding-opportunities/>.

Activities for July:

Congress will be out of session for the weeklong July 4th recess until July 8. They will in session for three weeks before adjourning again for the August recess. However, there is a possibility the Senate may again cancel its August recess. In July, the House will try to finish up the two remaining FY2020 appropriations bills on floor. There is a chance that the Senate Appropriations Committee will begin marking up the FY2020 bills in July if the Senate Republican leadership can reach an agreement on moving forward with its own spending caps. Congress will also continue working on other authorizing legislation, such as the annual national defense authorization act (NDAA). The Senate passed its version of the NDAA in June before adjourning for the July 4th recess. The House is waiting to take up their version of the bill on the House floor. We will continue to monitor and report on Presidential actions and any other legislative developments of interest to the County.