



*Week of 1-16-17
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Congressional Overview

The House was not in session this week and the Senate voted on passage of a Government Accountability Office bill (HR 72). The Senate also spent the days leading up to Donald Trump's Friday inauguration locked in debate over his Cabinet picks. Senate Majority Leader Mitch McConnell (R-KY) said he wants to confirm nominees on "day one" of Trump's administration and Democrats continue to face an uphill battle to block any of Trump's picks, which require only 50 votes to clear the Senate. However, they can use procedural levers to drag out a nomination for days. Currently, Democrats have not publicly said they would block nominees from getting confirmed quickly, but stressed that a nominee's paperwork must be complete and lawmakers need enough time to review it and ask follow-up questions.

Donald Trump Becomes 45th President of the United States

Donald Trump took the oath of office on Friday, officially being sworn in as the 45th President of the United States of America. President Trump vowed to give the power back to the people during his inaugural address, promising that, "Every decision on trade, on taxes, on immigration, on foreign affairs will be made to benefit American workers and American families." Trump later took his first actions as president by signing a series of formal papers to make his Cabinet nominations official.

Sen. Flake Offers and Withdraws Davis-Bacon Repeal Amendment

Last week, Sen. Jeff Flake (R-AZ) offered and later withdrew the following Davis-Bacon repeal amendment to the overall budget reconciliation process. These types of amendments are expected to become more apparent during the 115th Congress and under the Trump Administration.

"SA 39. Mr. FLAKE submitted an amendment intended to be proposed by him to the concurrent resolution S. Con. Res. 3, setting forth the congressional budget for the United States Government for fiscal year 2017 and setting forth the appropriate budgetary levels for fiscal years 2018 through 2026; which was ordered to lie on the table; as follows:

At the end of title III, add the following: SEC. 3 __. DEFICIT-NEUTRAL RESERVE FUND RELATING TO ELIMINATING PREVAILING WAGE MANDATES AND REQUIREMENTS FOR FEDERALLY FUNDED INFRASTRUCTURE CONSTRUCTION PROJECTS. The Chairman of the Committee on the Budget of the Senate may revise the allocations of a committee or committees, aggregates, and other appropriate levels in this resolution for one or more bills, joint resolutions, amendments, amendments between the Houses, motions, or conference reports relating to eliminating prevailing wage mandates and requirements under subchapter IV of chapter 31 of title 40, United States Code, for federally-funded infrastructure construction projects by the amounts provided in such legislation for those purposes, provided that such legislation would not increase the deficit over either the period of the total of fiscal years 2017 through 2021 or the period of the total of fiscal years 2017 through 2026."

Several Construction Industry Groups Send Letter to Trump Asking Him to Repeal Obama's Executive Order on PLAs

On Jan. 10, several construction industry groups including the Associated General Contractors of America (AGC), the Associated Builders and Contractors and the National Association of Home Builders sent a letter to Donald Trump

asking him to repeal President Obama's 2009 Executive Order 13502, which urges government agencies to require Project Labor Agreements (PLA) on projects exceeding \$25 million.

Per Jimmy Christianson, AGC's regulatory counsel, "The biggest issue is the fact that project labor agreements restrict fair, free and open competition. To a nonunion company, working under a PLA might be akin to working in another country; a new set of terms and conditions at odds with its existing internal systems. The bottom line is that the AGC and other industry groups do not want the government dictating when and where they require construction companies to be subject to a PLA. A government-mandated PLA is a barrier to entry for open-shop contractors. However, he added that the AGC has no problem with PLAs if contractors wish to voluntarily enter into one."

Over the last eight years, the effect of Obama's PLA mandate resulted in less than a dozen projects with a total value of less than \$1 billion being built under a PLA. In addition, the North America's Building Trades Unions (NABTU) maintains that approximately six of those projects would have been completed under a PLA anyway, given the large base of signatory contractors in the projects' geographical locations. As for the future of the PLA under Trump's administration, Christianson hopes the Obama PLA executive order will be rolled back and replaced with the George W. Bush executive orders that prohibited government-mandated PLAs.

Senate Passes Legislation to Bolster Government Oversight and Transparency

The Senate passed a House-passed bill aimed at bolstering government oversight and transparency. Supporters of the legislation, which passed the House unanimously, argue it would give the Government Accountability Office (GAO) access to additional records and make it easier for them to audit and investigate federal agencies.

House FY 17 Budget Process

Majority Leader Kevin McCarthy (R-CA) said that the Republican Conference has enough votes to adopt a FY 17 budget resolution (S Con Res 3) that unlocks a path toward repealing Obamacare. Some GOP members are still uncomfortable voting to repeal the legislation without a clear replacement in sight. Meanwhile, House GOP appropriators are again weighing use of so-called minibuses for FY 17 spending bills.

Rep. Mike Simpson (R-ID), the Chairman of the House Energy-Water Subcommittee, stated that appropriators believe Trump will seek supplemental funding to build a wall along the border with Mexico after he takes office. When asked about minibuses for non-defense spending, Simpson confirmed that's a possibility. "We've been talking as a committee about all those different possibilities. What we do want to do is get our bills done, in one form or another, whether it's minibuses, omnibus — whatever."

The current continuing resolution runs out April 28. Rep. Simpson said appropriators would be reluctant to go in another direction and pass a Defense spending bill but use another continuing resolution for the remaining 10 spending bills.

House Votes to Provide James Mattis with the Waiver He Needs to Serve as Defense Secretary

Last Friday, Jan. 13, the House voted 268 to 151 to provide retired Marine Corps Gen. James Mattis with a waiver needed for the recently retired military officer to serve as the Pentagon's top civilian. To ensure civilian control of the military, current law requires military officials to have seven years out of uniform before serving as Defense secretary, but it also allows Congress to make exceptions to that requirement. Mattis retired in 2013 after serving as commander of U.S. troops in the Middle East.

Shale Industry Faces Higher Costs

Per Monday's Wall Street Journal, increased drilling activity and higher oil prices have prompted oilfield services companies to raise prices for oilfield supplies, such as hydraulic fracturing sand, by up to 20 percent this winter. The

increase could be problematic for shale drillers, because higher oilfield services costs may affect companies' ability to generate profits, even with oil prices at \$55 per barrel.

EIA's U.S. Oil Production Forecasts

Last week, the Energy Information Administration (EIA) reported an increase in U.S. oil production of 176,000 barrels per day from the previous week (the biggest jump since May 2015), and it expects to see 9.22 million barrels per day of U.S. oil production by December, up 320,000 barrels year-over-year. This may suggest that U.S. shale is rebounding faster than expected, jeopardizing OPEC's plan to ease the oil supply glut and boost oil prices by cutting oil production.