



*Week of 5-22-17
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Congressional Overview

The Senate continued its nomination votes this week, while the House voting on a series of bills targeting human trafficking and child sexual abuse. The Trump Administration released the President's FY 18 budget and themed it "A New Foundation for American Greatness."

CBO Releases Score on American Health Care Act

The Congressional Budget Office (CBO) released its score on the House's American Health Care Act on Wednesday. The CBO projected that the legislation would cut the deficit by \$119 billion, but it would also leave 23 million people uninsured by 2026. Democrats used the CBO score to go after the legislation, and GOP Senators used the score to again convey that they are going to completely rework the legislation before bringing it to the floor. Per the CBO's analysis, some individuals with preexisting conditions would lose coverage, and costs for maternity care and mental health treatment could increase.

House Republicans continue to support the legislation. Speaker Paul Ryan (R-WI) stated, "The American Health Care Act achieves our mission: lowering premiums and lowering the deficit." Health and Human Services Secretary Tom Price also blasted the CBO after its score was released, claiming that the agency was wrong when they projected the Affordable Care Act's (ACA) impact on coverage and that they are "wrong again."

The Trump Administration is pressuring the Senate to pass an ACA repeal and replace bill before the upcoming August Congressional Recess. If the Senate passes such a bill, the next step would be to merge the Senate and House bills and clear the merged bill through both Chambers in the fall before the 2018 midterm elections begin.

President Trump Intends to Renegotiate NAFTA

Last week, the new U.S. Trade Representative Robert Lighthizer notified the congressional leadership of the President's intention to renegotiate NAFTA commencing his 90 day consultative period during which he will consult with members of Congress on the U.S. position. Negotiations may start as early as Aug. 16.

Appropriators Worried Comey and Russian Interference News Could Sideline FY 18 Appropriations Process

Appropriators are increasingly worried that work on FY 18 appropriations bills will be pushed to the sidelines as news about President Trump's firing of James Comey and revelations about the investigations into Russian interference continues to interfere with the congressional calendar. Budget committees have not begun marking up their FY 18 resolutions, and the appropriations committees are just starting to hold hearings on agency spending requests, months behind schedule. It is extremely unlikely that lawmakers will meet a Sept. 30 deadline for enactment of the 12 annual spending bills and a continuing resolution (CR) will be necessary after that date for some period of time until work can be completed.

President Trump Releases Proposed FY 18 Budget

On Tuesday, President Trump released his FY 18 budget themed "A New Foundation for American Greatness." It offers a 10-year path toward a balanced budget that relies on a forecast of economic growth and deep cuts in entitlements. It would build on a discretionary spending outline submitted in March that had already called on

Congress to abandon tight spending limits imposed by the Budget Control Act of 2011 so as to boost Pentagon funding. The budget will set the stage for major fights and further delay appropriations work. The proposed budget includes:

- *Entitlement Cuts:* Cuts to a variety of means-tested entitlement programs that could total about \$800 billion over a decade including food stamps, Medicaid, farm subsidies, Supplemental Security Income for the elderly and disabled, child nutrition programs, and basic welfare payments for the poor, known as Temporary Assistance for Needy Families. Those programs, long spared from the budget axe, help support an estimated 43 million Americans who live below the federal poverty line. The budget is expected to protect the two most expensive entitlement programs: Social Security and Medicare.
- *Economic Assumptions:* President Trump is working on a tax-cutting plan that independent analysts have said could add more than \$5 trillion to the debt over a decade. Administration officials insist their plan would not balloon the debt because of the economic growth it would generate.
- *Defense Spending:* President Trump has called for a \$54 billion increase for the military, paid for with a \$54 billion cut in domestic discretionary programs, but such a shift would bust the defense spending cap imposed by the 2011 Budget Control Act to reduce deficits over a decade. Fixing that problem would require Congress to reach a new bipartisan budget deal that raises the caps.

Transportation Secretary Chao Testifies at Senate Committee Hearing on Infrastructure Plan

On May 17, Transportation Secretary Elaine Chao testified at the Senate Environment and Public Works Committee stating, "The administration's infrastructure proposal will not include a list of projects that would receive funding. Certain projects unable to generate private investment would be given priority for direct federal funding, which would be up to \$200 billion under President Trump's infrastructure plan over ten years."

Additionally, the Trump Administration's FY 18 Budget provides incentives for at least \$800 billion of infrastructure investment by the private sector, along with state and local governments. One option likely to be part of the plan is asset recycling, in which the federal government offers an incentive to encourage a state or municipality to lease a public asset to the private sector in return for an upfront payment that can be used for other projects that lack funding.

During the hearing, Sen. Joni Ernst (R-IA) questioned how the determination would be made and what types of projects would be eligible. Secretary Chao responded that the administration will not compile its own list, but did not specify how the priority projects would be selected. She also stated that the administration would reveal the principles of an infrastructure plan within the next "several weeks," and would send a full legislative package in the third quarter.

Coalition of Conservative Groups Sends Letter to President Trump on Infrastructure Plan

A coalition of influential conservative groups sent a letter to President Trump warning him that any legislation must be "fiscally responsible" and urged him to reject anything that looks like former President Obama's economic stimulus package, which they said was "chock-full of waste and pet projects and made the nation's fiscal problems worse." Their wish list includes reforming the environmental review process, repealing labor regulations, focusing on "core" infrastructure projects, empowering the states, fully paying for projects and reforming spending instead of creating new funding streams.

Undoubtedly, their list would make it more difficult to garner Democrat support for the infrastructure plan. To that end, Democrats have laid down a marker on their conditions for accepting Trump's plan, including a large pot of

direct public funding for projects. However, the bulk of the funding in Trump's infrastructure bill will go towards incentivizing private sector investment, with an expected 5-to-1 ratio. They also envision a bill that promotes environmentally-friendly construction projects, which could clash with the administration's promise to streamline the permit approval process. Finally, Democrats will be fighting to maintain construction worker wages and other labor protections in any infrastructure package. Republicans have sought to waive provisions from the Davis Bacon Act.