



*Week of 7-10-17  
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### **Congressional Overview**

Following the July 4 recess, Congress returned this week to a heavy legislative agenda that includes an impending government shutdown, healthcare, tax reform and budget negotiations. On Tuesday, Senate Majority Leader Mitch McConnell (R-KY) announced he will delay the start of the August recess by two weeks to allow more time to focus on the Senate's revised healthcare legislation.

### **CEA Sends Letter to Senate Committee Opposing Taxation of Healthcare Benefits**

On Tuesday, the Construction Employers of America (CEA) sent a letter to the Senate Finance Committee opposing any proposal that would tax healthcare benefits or cap health coverage that supports a healthy and productive workforce. The CEA is a joint initiative between seven different associations (including FCA International) that coordinates action on labor, workforce and construction issues facing the industry.

### **Senate Republicans Unveil Second Version of Healthcare bill**

On Thursday, Senate Republican Leadership unveiled a revised version of their bill to repeal and replace the Affordable Care Act (ACA). The revised bill would keep the same Medicaid sections as the original version, which would mean deeper cuts to the program beginning in 2025, and funds for the Affordable Care Act's (ACA) expansion of Medicaid would still end in 2024. The Congressional Budget Office (CBO) found the Medicaid changes in the original bill would result in 15 million fewer people being enrolled in the program and cut spending by \$772 billion over 10 years.

The revised bill also includes a version of an amendment from Sens. Ten Cruz (R-TX) and Mike Lee (R-UT) aimed at allowing insurers to offer plans that do not meet all of the ACA's regulations as long as they also offer plans that do. This amendment would allow insurers to offer plans that don't cover those with preexisting conditions and don't include certain services such as maternity care and mental health care. The bill includes \$70 billion in new funding over seven years aimed at easing costs for those sick people remaining on ACA plans. There is also an additional \$45 billion to help fight opioid addiction.

The bill also adds \$70 billion to the original \$112 billion "stability fund," which was included to help bring down insurance premiums. It also replaces the ACA's tax credits by helping people afford a smaller, scaled-down tax credit that provides less assistance. Unlike the first version, the revised version leaves two ACA taxes on the wealthy in place. The Kaiser Family Foundation found premium costs would increase an average of 74 percent for the most popular plan, given the reduced assistance in the bill.

### **House Passes FY 18 Defense Authorization Bill**

The FY 18 defense authorization bill, which advanced the House Armed Services Committee before the July 4 recess, was passed in the House this week by 344-81 votes. Several Davis Bacon Repeal Amendments were weighed in advance of the vote but were later withdrawn. The bill would authorize \$696.5 billion for the Pentagon, including funds for war-related costs, far exceeding the budget caps in place.

## **House Appropriations Committee Releases Draft LHHS FY 18 Funding Bill**

On Wednesday, the House Appropriations Committee released its draft FY 18 Labor, Health and Human Services, and Education (LHHS) funding bill. The legislation includes funding for programs within the Department of Labor, the Department of Health and Human Services, the Department of Education and other related agencies. In total, the draft bill includes \$156 billion in discretionary funding, which is a reduction of \$5 billion below the FY 17 enacted level. The bill cuts funding to lower-priority programs, while targeting investments in medical research, public health, biodefense and important activities that help boost job growth. The legislation also includes several provisions to rein in unnecessary regulations and to protect the sanctity of life.

For a third consecutive year, it allocates a significant funding increase of \$1.1 billion for the National Institutes of Health, which will benefit a wide range of biomedical programs, including public health preparedness and readiness in biodefense and research programs to find cures spanning from cancer to Alzheimer's. Included as well are increases for special education funding; TRIO, GEAR UP, and early childhood education programs; and new provisions to protect human life. Per the Appropriations Committee, read on for the bill summary.

**Department of Labor (DOL)** – The bill provides a total of \$10.8 billion in discretionary appropriations for the DOL, which is \$1.3 billion below the FY 17 enacted level. The bill provides funding for job training programs and funding for labor enforcement and benefit protection agencies to fulfill their core missions, while reducing lower-priority and underperforming programs.

**Employment Training Administration (ETA)** – The legislation provides the ETA with \$8.5 billion, which is a decrease of \$1.5 billion below last year's enacted level and \$848 million above the budget request. This total includes \$2.6 billion for job training grants, \$84.5 million for YouthBuild, and \$790 million in mandatory appropriations for Federal Unemployment Benefits and Allowances, which provides job training programs for workers who lose their jobs as a result of international trade.

**Job Corps** – The bill provides \$1.69 billion for Job Corps, a decrease of \$16 million over the FY 17 enacted level and \$239.7 million above the budget request. Funding is included in addition to amounts provided in FY 17 for physical facility safety and security improvements.

**Veterans Employment and Training Service (VETS)** – The bill provides \$284 million for VETS, which is \$5 million above the FY 17 level. This includes a \$2.5 million increase to expand the Homeless Veterans Reintegration Program.

**Mine Safety and Health Administration (MSHA)** – The bill funds the MSHA at \$360 million, \$14 million below the FY 17 enacted level. The funding level reflects the declining need for MSHA inspection activities due to the lower levels of mining across the country and especially in coal production.

**Reducing Red Tape** – The legislation includes several provisions designed to help U.S. businesses create jobs and grow the economy by reducing or eliminating government regulations, including:

- A new provision prohibiting enforcement of the "Fiduciary" rule, which places new regulatory burdens on retirement investment advisers.
- A continuation of provisions providing flexibility in the H-2B program, reducing regulatory requirements and ensuring that employers that comply with program requirements have access to the temporary, seasonal workers their businesses depend on.
- The continuation of a provision exempting insurance claims adjusters from overtime requirements of the Fair Labor Standards Act in areas that have been hit by a major disaster.

**National Labor Relations Board (NLRB)** – The bill includes \$249 million for the NLRB, which is a decrease of \$25 million below last year's enacted level. It includes two policy provisions to stop the NLRB's "joint-employer standard" and the provisions include:

- A provision that prohibits the NLRB from applying its revised "joint-employer" standard in new cases and proceedings
- A provision that prevents the NLRB from exercising jurisdiction over Tribal governments.

**Social Security Administration (SSA)** – The bill provides \$12.5 billion to administer SSA activities, which is the same as the FY 17 enacted level. This funding level is sufficient to ensure those served by the program receive efficient and timely assistance and services.

**Defunding the Affordable Care Act (ACA)** – The legislation contains several provisions to stop the implementation of the ACA, including prohibiting the use of any new discretionary funding to implement the ACA.

Cuts and Terminations – The legislation cuts or terminates several programs. Some cuts include:

- A cut of \$150 million in refugee programs, consistent with the budget request
- A cut of \$450 million for the Unaccompanied Alien Children program
- A cut of \$91 million for the Dislocated Workers National Reserve
- A cut of \$10 million for the Wage and Hour Division
- A cut of \$10 million for the Office of Federal Contract Compliance Assistance
- A cut of \$21 million for OSHA
- A cut of \$14 million for MSHA
- A cut of \$219 in CMS program management
- A cut of \$25 million for the NLRB.

Several programs were also terminated, including:

- Employment Service Grants (\$671 million)
- International Labor Affairs Grants (\$60 million), consistent with the budget request
- CDC Climate Change program (\$10 million), consistent with the budget request
- Economic Development Grants (\$20 million), consistent with the budget request
- "Striving Readers" program (\$190 million), consistent with the budget request
- Health Careers Opportunity Program (\$14 million), consistent with the budget request
- Overseas foreign language study program (\$7 million), consistent with the budget request.

### **House Freedom Caucus Offers Ways Members Would Support Debt Ceiling Increase**

The House Freedom Caucus offered three ways members would support raising the debt ceiling, including overhauling the debt limit and payment system or making deep cuts to mandatory spending. The 40-plus member conservative group will ask GOP leaders to raise the debt ceiling in July alongside other legislative provisions to win their support.

One option is a bill from Freedom Caucus member Rep. David Schweikert (R-AZ) that would call on the Treasury Department to rescind unobligated federal funds from agencies; sell off certain government assets; and issue bonds linked to gross domestic product, to pay down the public debt when Treasury estimates the debt limit will soon be reached.

Per the CBO, Congress needs to raise the debt limit by early October. Other options the Freedom Caucus proposed are tagging the debt limit increase to \$250 billion in mandatory spending cuts over an unspecified time period or a

full repeal of the Affordable Care Act. The options are highly ambitious and would face certain resistance in the Senate if passed by the House.

### **Trade Discussed at the G20 Summit**

President Trump attended the G20 summit last week. During the summit, Trump and Mexican president Enrique Pena Nieto underscored the importance of modernizing the North American Free Trade Agreement to bring “tangible benefits” to Mexico, the U.S. and Canada. Trump and Pena Nieto held a bilateral meeting where they also agreed to explore temporary work programs for migrants in the agriculture sector. Additionally, they agreed to address the issue of organized crime in a “shared and responsible” manner.

Also during the summit, the European Union and Canada announced they agreed to a free trade agreement beginning on Sept. 21. The Comprehensive Economic and Trade Agreement (CETA) has been championed by both sides as a landmark deal for open markets against a protectionist tide, but some last minute issues were holding up its start.

### **U.S. Shale to Drive Global Oil Investment**

Per the International Energy Agency (IEA), investment in the global oil and natural gas industry could grow by 3 percent this year after a 26 percent drop in 2016, fueled by a 53 percent surge in U.S. shale investment. Per the IEA, the U.S. shale costs have increased by 16 percent in 2017 because of the renewed wave of drilling activity.

### **Court Blocks EPA’s Plan to Delay Methane Rule**

On July 2, the U.S. Court of Appeals for the District of Columbia Circuit ordered the EPA to implement the Obama Administration’s rule designed to reduce methane emissions from oil and natural gas operations. The court ruled that EPA Administrator Scott Pruitt exceeded his authority in his attempt to delay the rule.