



*Week of 1-4-16
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Congressional Overview

This week, the 114th Congress reconvened for the second legislative session. All legislation that was introduced and pending in the first session carries over into the second session. The House returned on Tuesday and approved the Senate's version of the budget reconciliation bill on Wednesday, sending it to the president's desk. Later in the week, the House considered legislation regarding the class-action litigation process and settlements. The Senate was not in session this week; the upper chamber is returning on Monday, Jan. 11.

Congress Aims to Complete FY 17 Appropriations Bills on Time

Congress will begin the second session with hopes of getting the FY 17 appropriations bills done on time. Republican leaders have pledged to restore the regular budget process by clearing the 12 annual appropriations bills to fund the government by Oct. 1 (the start of the new fiscal year). Senate Majority Leader Mitch McConnell (R-KY) and House Speaker Paul Ryan (R-WI) voiced similar hopes as they outlined an ambitious plan to speed up the budget process.

Speaker Ryan said he wants to begin considering spending bills on the House floor by mid-March, an unusually early schedule for bills that often do not reach the floor until the summer or later. Additionally, Speaker Ryan appeared buoyed by assurances he said he received from Senate Minority Leader Harry Reid (D-NV) that he would not block spending bills from coming up for debate in the Senate this year (which occurred last year). The task of moving bills early this year is made easier because of a two-year bipartisan budget agreement passed last October that already established overall spending levels for defense and domestic programs for FY 17, which means Congress can begin their work this year with the top-line spending limits already settled.

House Sends Affordable Care Act Repeal to President Obama

On Wednesday, the House voted to pass the reconciliation bill, which the Senate passed just before the 2015 holiday break. The law requires most Americans to buy health insurance, and it also requires insurers to cover those with pre-existing conditions who were previously denied access. Lower-income consumers can get subsidies to make coverage more affordable. The bill would also strip federal funding from Planned Parenthood. As he had promised, President Obama vetoed the bill on Friday. Despite this, Republicans intend to schedule an override veto vote for Jan. 22, when anti-abortion activists hold their annual march in Washington to mark the anniversary of the Supreme Court decision in 1973 that legalized abortion.

Despite dozens of votes to repeal the health law in full or in part, Republicans never succeeded in sending a full repeal bill to the White House. They insist that doing so will fulfill promises to their constituents while highlighting the clear choice facing voters in the November presidential election. Every Republican candidate has pledged to undo the health law. The Democrats running for president would keep it in place.

President Obama Unveils Executive Order on Gun Control

The President's plan to tighten federal gun laws by executive order was met with much criticism from Republicans. House Speaker Ryan stated, "From day one, the president has never respected the right to safe and legal gun ownership that our nation has valued since its founding. Rather than focus on criminals and terrorists, he goes after the most law-abiding of citizens. His words and actions amount to a form of intimidation that undermines liberty."

During Tuesday's announcement, President Obama promised to fight for gun safety measures, even while acknowledging he will not get help from a Republican-controlled Congress.

- **ATF Agents:** The President's plan calls for funding 200 new agents and investigators at the Bureau of Alcohol, Tobacco, Firearms and Explosives in FY 17 as part of an effort to tighten background checks on gun buyers.
- **Mental Health:** President Obama's plan would provide \$500 million "to increase access to mental health care," while directing federal agencies to conduct or sponsor gun violence research, including the potential use of new gun safety technology. Last year, Republicans refused to lift a years-long ban on gun violence research as part of the FY 16 omnibus bill.

2016's Potential Legislative Issues

With the 114th Congress' second session now in swing, there are numerous potential legislative issues it may face in 2016. Chances are high that there will be lots of discussion and/or action on refugees, Guantanamo Bay, ISIS, Gun Control, Criminal Justice Reform and Appropriations.

- **Refugees:** The Senate is headed toward round two in the battle over refugees after the issue was not addressed in the year-end spending bill. Republican lawmakers have called for blocking President Obama's plan to resettle up to 10,000 Syrian refugees, fearing the Islamic State in Iraq and Syria (ISIS) could use the program to slip fighters into the United States.
- **Guantanamo Bay and ISIS:** With Obama heading into his final year in the White House, Congress is poised to review two of his foreign policy priorities: fighting ISIS and closing the Guantanamo Bay detention facility.
- **Gun Control:** Democrats are pushing new gun control legislation following a string of mass shootings in 2015.
- **Criminal Justice Reform:** Supporters of a bipartisan Senate proposal to overhaul the criminal justice system are hopeful that the legislation can reach the floor in early 2016.
- **Appropriations:** Congressional leaders are pledging to restore regular order in 2016, meaning that both chambers would pass 12 individual spending bills and then work out their differences in conference.

Jobless Claims Have Steadily Fallen Since 2009 Peak

Jobless claims have fallen steadily since peaking in mid-2009, hitting a 40-year low in mid-July and remaining around that level since. The less-volatile four-week moving average recently hit its lowest level on record when adjusted for working-age population growth. Since 2007, about half of the participation rate's decline has been due to structural reasons, such as baby boomers retiring and leaving the workforce.

Obama Administration's 2016 Regulations

As we enter the final year of the Obama Administration, here's an update on the administration's 2016 regulations:

- **Pay for performance:** The Securities and Exchange Commission (SEC) is expected to finalize its "pay for performance" rule that will require publicly traded corporations to disclose how much their top executives are paid and compare that to the companies' overall financial performance.
- **Arbitration:** Regulatory experts are expecting the Consumer Financial Protection Bureau (CFPB) to propose new rules in 2016 to protect consumers' right to file or join a class-action lawsuit against a financial company.
- **E-cigarettes:** Industry and health groups may not agree on the rules, but both are exasperated by the delay in first-ever regulations from the Food and Drug Administration (FDA) for cigars and electronic cigarettes.
- **Silica dust:** The Department of Labor is in the process of finalizing a years-in-the-making rule to protect workers from silica dust.
- **Workplace injuries:** The DOL is gearing up for a busy year, with plans to also finalize a rule that will require employers to report and keep records of workplace injuries and illnesses.

- **Overtime pay:** Perhaps the most sweeping action in the new year will be a final rule to extend overtime pay to nearly 5 million white-collar workers. The DOL proposed the rule in June as a result of an executive order President Obama issued in May. Under the rule, any worker earning up to \$50,000 annually would be eligible for overtime.
- **Predatory lending:** The CFPB is planning a February rollout of its proposed rules to crack down on predatory payday lenders.
- **Food safety:** The FDA is expected to issue final requirements in March for the sanitary transportation of animal and human food. The rules, which are mandated by the Food Safety Modernization Act of 2011, establish requirements for shippers, carriers and receivers to use sanitary practices to ensure that that food does not become contaminated when being transported. The final rules were originally expected to be released in April 2015.
- **Financial advisers:** The DOL is also expected to issue a final rule in 2016 that would require financial advisers to disclose more information to their clients about the compensation they receive.
- **Methane:** The Environmental Protection Agency is expected to finalize new rules to limit methane emissions from the oil and gas sector. The rule would require drillers to use new technologies to track and block both accidental and purposeful leaks when producing and transmitting oil and gas. The EPA has set a June deadline for the release of this final rule.

Paid Contractor Sick Leave Rule Sent to Office of Management and Budget for Review

An upcoming DOL-proposed rule that would require federal contractors to provide employees with up to seven days of paid sick leave per year has been sent to the Office of Management and Budget for review. The proposal, which would implement an executive order signed by President Barack Obama in September, was sent to the OMB Dec. 15. The president's order is intended to apply to new government contracts starting in 2017, and it calls for workers to earn at least one hour of paid sick leave for every 30 hours they work. They would be allowed to use the leave to care for themselves or a family member and for absences resulting from sexual assault or domestic violence. After the proposal is issued, there will be a period for the public to submit comments.

PBGC Finalizes Rules on Expanded Partitioning Authority

The PBGC finalized rules on partitioning of financially troubled multiemployer pension plans with only minor changes from interim final rules. The rule will be effective 30 days after publication in the Federal Register. The final rule, published in the Dec. 23 Federal Register, makes only minor changes to the interim final rule, in areas such as information requirements, the time period for the PBGC's initial review of a partition application and the coordination of the application process for partition and benefit suspension.

The PBGC issued an interim final rule in June that laid out the application process and notice requirements for multiemployer plan partitioning under the Multiemployer Pension Reform Act (MPRA) of 2014. The PBGC has used its authority to partition plans only three times. Under the MPRA, the PBGC now has expanded discretion to approve plan partitions in situations beyond employer bankruptcies. One key clarification included in the final rule involves the need to submit a determination letter when applying for partition.

FEC Approves New Super PAC Contribution Rules for Federal Candidates

The Federal Election Commission (FEC) has approved federal candidates to solicit contributions for super PACs by meeting in small groups, so small there can be just two other people in the room. In addition, the advisory opinion gives permission to a candidate's campaign consultant and other aides to solicit large donations for a super PAC, as long as they make clear that they are not making the request at the direction of the candidate. Federal candidates are still not permitted to explicitly ask a donor to give more than \$5,000 to a super PAC, but this decision means that an elected official or candidate can meet privately with just one wealthy donor and one super PAC operative to discuss

fund-raising for the group. All that is required under the guidelines is a written invitation, a formal program and a disclaimer that the candidate is appearing as a "special guest" who is not soliciting large checks.

First U.S. Shale Gas and Oil Exports Begin Production

Production of the first exports for U.S. shale gas and oil are underway. Cheniere Energy, Inc. began production at what will become the first terminal to export natural gas from America's shale formations. The company is receiving 50 million cubic feet of the fuel a day, chilling it into liquefied natural gas at the Sabine Pass Terminal in Louisiana and storing it in tanks before the first export scheduled for January is taken by U.K.-based BG Group.

Additionally, on Wednesday, Dec. 23, 2015, Enterprise Products Partners LP loaded the first freely traded U.S. crude oil to be shipped overseas since the Ford Administration. This week, it loaded 600,000 barrels of light, sweet crude pumped in South Texas into a tanker at its oil terminal on the Houston Ship Channel.