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What to Know in Washington: The Morning After Trump's Worst Day

By Zachary Sherwood | August 22, 2018
Bloomberg Government

Donald Trump suffered through perhaps the worst day of his presidency yesterday as his personal lawyer implicated him in a crime at almost the same moment his former campaign chairman became a convicted felon. Trump's former lawyer Michael Cohen pleaded guilty to illegal campaign finance charges over hush money paid to a porn actress and a former Playboy model, all but naming Trump as having ordered him to do it. Moments after the charges were read aloud in a Manhattan courtroom, the president's former campaign chairman Paul Manafort was convicted on eight counts of tax and bank fraud charges, boosting Special Counsel Robert Mueller's investigation.

The dueling sagas were the clearest sign yet of the political and legal peril that is increasingly threatening Trump's presidency. While the legal ramifications will take more time to unfold, the political damage is already being felt, with Democrats seizing on the rulings.

"The White House looks increasingly like a criminal enterprise with the convictions today of President Trump's former campaign manager and personal lawyer," Sen. Richard Blumenthal (D-Conn.) said in a statement. Mueller's probe into whether the Trump campaign was involved in Russia's interference in the 2016 elections continues. But Mueller handed off the Cohen case to federal prosecutors in New York, which means that his guilty plea intensifies a second — and entirely separate — investigation that could threaten the president. Trump tried to shrug off the Manafort conviction, telling reporters yesterday that "it had nothing to do with Russian collusion, so we continue the witch hunt."

Aboard Air Force One en route to a rally in West Virginia, Trump watched Fox News coverage of the Manafort verdict and Cohen's plea, two people familiar with the matter said. One said Trump asked aides how the news was playing.

They described the president as somber but calm and added that he said nothing critical about Cohen or Manafort. One aide said that Trump is battle-tested at this point and knows how to deal with extreme stress. His lawyer, former New York mayor Rudy Giuliani, said the Cohen plea deal wasn't related to Trump. "There is no allegation of any wrongdoing against the president in the government's charges against Mr. Cohen," he said in a statement. "It is clear that, as the prosecutor noted, Mr. Cohen's actions reflect a pattern of lies and dishonesty over a significant period of time."

Lanny Davis, Cohen's attorney, said in a statement later yesterday that Cohen "stood up and testified under oath that Donald Trump directed him to commit a crime by making payments to two women for the principal purpose of influencing an election."

Potential for Manafort Pardon? Trump now has a decision to make about his former campaign chairman. Fresh off calling Manafort a "good person" whose treatment by prosecutors was "very sad," Trump could forgive his crimes and grant a pardon that allows him to escape all punishment. Or Trump could make a less politically risky move, like waiting and eventually commuting Manafort's sentence, which would free him from prison but leave his conviction intact.

Trump may wait months before acting, but a pardon or commutation would be his most dramatic moment of defiance — a declaration that he, and not the special counsel, has the last word on the investigation. "Trump has been laying the groundwork for this, saying it's an unfair prosecution, that Manafort's was targeted because he 'worked for me'," said Mimi Rocah, a former federal prosecutor who teaches at Pace Law School. "Trump would be acting like he can decide things, like when to wrap it up."

Russia Relations at a Low

Just five weeks after Trump met with President Vladimir Putin in Helsinki, ties between the U.S. and Russia are at perhaps the lowest point of Trump's presidency, sunk by new allegations of Kremlin-linked efforts to disrupt the American political system.

Microsoft revealed early yesterday that it had seized websites created by hackers linked to the Russian military to mimic conservative think tanks, part of an apparent campaign to once again interfere in American elections. That set off a day of recriminations and calls in Congress and elsewhere to punish Moscow with additional sanctions.

In addition, the U.S. sanctioned owners of six Russian ships yesterday for violating international prohibitions against doing business with North Korea. Even heavier sanctions are expected this week over a nerve-agent attack on a former Russian spy in the U.K. earlier this year.

And the Senate Banking and Foreign Relations committees yesterday held simultaneous hearings at which lawmakers from both parties expressed frustration that Trump and his administration haven't acted more forcibly against Putin's government.

The events are the latest sign that Trump's hopes for a warmer relationship with Russia may never materialize. The perspective from Moscow is no better. The Kremlin angrily denied Microsoft's allegations and threatened its own sanctions on the U.S. A Pew Research Center survey released yesterday found that 71 percent of Russians don't believe their government meddled in the 2016 American election, while even more -- 85 percent -- think Washington interferes in other countries' internal affairs.

Election Security: The congressional scrutiny today takes the form of legislation, as the Senate Rules and Administration Committee considers legislation that would encourage state and local election officials to buy voting machines with a paper trail.

The measure wouldn't guarantee any new money, however, so it's uncertain how much it would lead to improved voting systems. The bill would authorize possible future federal assistance to upgrade voting systems but wouldn't provide any new money immediately. It would call for any new federal funds to be used mainly to replace paperless electronic voting systems that are used in more than a dozen states.

More Meddling: Facebook, meanwhile, for the first time named a country other than Russia that has been using fake accounts to manipulate global politics: Iran. The social network said it removed 652 pages, groups and accounts for "inauthentic behavior" that originated in Iran and targeted people with news and information including political content in the U.S., U.K., Middle East and Latin America. In addition, an undisclosed number of pages, groups and accounts linked to sources the U.S. government previously identified as Russian military intelligence services also were removed, the company said.

Politics & Elections

Tom Steyer has an intense focus on growing his petition seeking the president's removal and pressuring Democrats to seek impeachment. That drive has put him on a collision course with the party's establishment. Democratic leaders consider his campaign a distraction that could backfire, boosting GOP turnout and jeopardizing their efforts to win control of Congress.

The former hedge fund manager and Democratic donor's strategy depends on the party at least winning the House. At town hall events around the country, Steyer is dangling the prospect of impeachment, hoping to inspire Americans who don't regularly cast ballots to turn out in November and change the balance of power in Washington.

A narrow win in either chamber would still leave Steyer with the task of rallying resistant lawmakers to oust the president. Even if Democrats win a House majority and vote to impeach Trump — only 66 House Democrats voted to advance impeachment in January — conviction in the Senate requires a two-thirds vote.

Hunter Indicted: Rep. Duncan Hunter (R-Calif.) yesterday was indicted on charges of using hundreds of thousands of dollars in campaign funds for personal expenses, was stripped of his committee assignments by Speaker Paul Ryan (R-Wis.), and was urged to resign by House Minority Leader Nancy Pelosi (R-Calif.). Hunter faced the swift, bipartisan rebuke after federal prosecutors unveiled criminal charges against both him and his wife, Margaret. The U.S. Attorney's Office of the Southern District of California, which filed the charges, said the Hunters converted more than \$250,000 in campaign money. According to the indictment, campaign funds were used to pay for personal expenses like family vacations, school tuition and dental work, as well as smaller purchases including fast food and movie tickets. Hunter, a five-term congressman who represents the San Diego area, also is accused of filing false campaign records with the Federal Election Commission.

Ryan, in a statement last night, called the charges against Hunter "deeply serious" and said that he would be stripped of his assignments. He was a member of the Armed Services, Transportation and Infrastructure, and Education and the Workforce committees.

Collins Meets Kavanaugh: Sen. Susan Collins (R-Maine) said Supreme Court nominee Brett Kavanaugh told her he agrees that the court's landmark 1973 Roe v. Wade decision legalizing abortion is "settled law" during a key meeting ahead of confirmation hearings early next month. Collins said she talked with him "at length"

about his decision in a separate abortion related case that came before him on the D.C.-based federal appeals court as well the Roe case. She didn't elaborate on whether she viewed Kavanaugh's remarks as indicating he would uphold Roe in a future case.

"We talked about whether he considered Roe to be settled law," Collins said. Kavanaugh, she said, agreed with Chief Justice John Roberts' remarks during his confirmation "in which he said it was settled law."

If Collins supports Kavanaugh, the move would strike a blow to Democrats' efforts to block the candidate ahead of the November midterms. But their arguments may be boosted by the ongoing court battle over the health law. Democrats have been warning that Kavanaugh will provide a crucial swing vote on cases related to the Affordable Care Act, abortion, and presidential powers.

Progressives are specifically pointing to a case brought by several Republican-controlled states that argues the ACA's individual mandate and its insurance rules, including those that protect people with pre-existing conditions, are no longer valid because the 2017 tax law eliminated the penalty for people who fail to obtain health insurance.

Oral arguments are set to begin on that case in the Northern District of Texas Sept. 5, the same week the Senate Judiciary Committee is slated to hold a confirmation hearing on Kavanaugh's nomination. Senate Democrats told reporters they're going to press Kavanaugh on his views on the case during the confirmation hearing and will be vocal about his track record on the health law.

Women in the 2018 Election: More than six-in-ten Americans say it's a good thing more women are running for Congress this year, but the public is divided by gender and party about whether an influx of female lawmakers would make the legislative branch more effective.

Those Pew Research Center findings are in a report released today that explores a defining trend of the first midterm campaign of Donald Trump's presidency, one that could help determine whether Republicans keep control of Congress in November's elections.

Wyoming Results: Wyoming voters yesterday chose Secretary of State Mark Gordon over political mega-donor Foster Friess in the state's Republican primary for governor, the Associated Press reports. Trump had endorsed Friess on Twitter as voting got underway yesterday. Attorney and former state Rep. Mary Throne beat three others to win the Democratic nomination.

Sen. John Barrasso held back a primary challenge from wealthy Jackson Hole business investor Dave Dodson in the state's Republican primary for U.S. Senate, AP reports. Barrasso faces Wilson businessman Gary Trauner in November.

Incumbent Liz Cheney easily won the Republican nomination for Wyoming's lone U.S. House seat. Cheney will run against Laramie businessman Greg Hunter in the general election.

Alaska Results: Former state Sen. Mike Dunleavy won the Republican nomination for governor in Alaska, setting the stage for what's expected to be a three-way fight for the office this fall, the AP reports. Dunleavy will face former U.S. Sen. Mark Begich, a Democrat, and Gov. Bill Walker, who is running as an independent. In the Democratic U.S. House primary, independent Alyse Galvin advanced to challenge GOP incumbent Rep. Don Young, 85, who is the longest-serving member of the U.S. House and easily won his primary, AP reports.

Meet the Trump-Backed Candidate Who Some Florida Greens Support: Florida gubernatorial candidate Rep. Ron DeSantis—one of President Donald Trump's biggest cheerleaders—is positioning himself as the

green candidate in a competitive Republican primary next week. The three-term congressman and member of the House Freedom Caucus is highlighting his history as a critic of the state's \$515 million sugar industry as blue-green algae and a red tide kill marine life and sicken residents this summer.

What Else to Know Today

Trump Touts Triumph Over China: Trump said China's economy is no longer on a swift pace to be larger than the U.S., a comment likely to stoke concerns in Beijing that his administration wants to contain the Asian nation's rise. Speaking at a rally in West Virginia last night, Trump noted that China's market was "way down" even while saying he has "tremendous respect" for the country. He added that various trade talks would take time, a remark that dampens hopes for a breakthrough as low-level negotiations between the U.S. and China resume this week in Washington. "When I came we were heading in a certain direction that was going to allow China to be bigger than us in a very short period of time," Trump said. "That's not going to happen anymore."

NAFTA Negotiations Advance: The U.S. and Mexico moved closer toward a consensus on how to forge a new North American Free Trade Agreement even though key hurdles remain, according to several people familiar with the matter on both sides of the talks. Progress has been made during five weeks of discussions between the U.S. and Mexico on issues including rules for cars, but there's no broader agreement on reshaping NAFTA, two U.S. administration officials said last night.

The Science Behind the EPA: The EPA's proposal to loosen power-plant regulations relies in part on scientific studies that the agency itself is trying to exclude from the rulemaking. Former EPA Administrator Scott Pruitt in April proposed a regulation that would break with decades of federal practice by limiting the science available to regulators. He called the initiative the "Strengthening Transparency in Regulatory Science." The proposal, which is still pending, was designed to make sure that all data from studies used by the agency should be in the public domain. Such a rule could prevent the EPA from consulting many basic studies that link air pollution and premature deaths because they rely on public health data anonymized to protect people's identities. But the EPA's proposed replacement to Obama's climate-change fighting Clean Power Plan was accompanied by a 300-page analysis that may rely in part on just such studies to estimate health impacts.

California's Cause Bigger Than Trump: California Attorney General Xavier Becerra insists that his state isn't at war with Trump, even as he files lawsuits against the administration at a breakneck pace and warns of an existential threat to democracy. "What Donald Trump is doing is asking us to backslide. We don't wish to backslide," Becerra said yesterday during a meeting with Bloomberg News reporters and editors in New York. Becerra and California Governor Jerry Brown have positioned their state as a champion of the so-called Trump resistance — Brown has even called it "war" — but Becerra said he's fighting for Californians, and not against a single force. "My job is to protect the people, the values and the resources of the State of California. That's my job," he said. "Someone wants to get in the way, we have to take them on. I don't categorize that as war."

F-35 Contract Coming Despite Delays: Lockheed Martin continues to deliver its next-generation F-35 aircraft late because of production flaws, even as the Pentagon is poised to award the company a potential \$11 billion contract that's the biggest yet. The contractor for the costliest U.S. weapons system has been "late to contract requirements" in providing 209 of 308 of the planes to U.S. and international customers through June 30, the Defense Contract Management Agency said in a statement to Bloomberg News. While Lockheed and the Pentagon's F-35 program office said they expect on-time delivery of all 91 F-35s due this year, the contract agency predicted seven won't make that deadline.

Middle East Peace Plan: The Trump administration hasn't yet decided when to release its long-awaited plan for Israeli-Palestinian peace, U.S. National Security Adviser John Bolton told reporters in Jerusalem today. Wrapping up a three-day visit to Israel, Bolton said Palestinians should move on from Trump's decision to

move the U.S. embassy from Tel Aviv to Jerusalem and focus instead on what else they can get from peace talks. The Palestinian Authority, which demands the eastern part of the holy city for the capital of its hoped-for state, cut off contact with administration officials after Trump's announcement last December.

Agriculture News

Farm Bill Negotiators to Hold First Public Meeting Sept. 5

By Ben Livesey | August 20, 2018
Bloomberg Government

The full farm bill conference cmte will hold its first public meeting Sept. 5, the Senate Agriculture Cmte Chairman Pat Roberts told reporters today, Bloomberg Government's Teaganne Finn reports.

- House and Senate Agriculture Cmte chairmans and ranking members had a phone call last week and the four "agreed on September 5" for the first full conference meeting, Roberts tells reporters
- "We talked about the general areas where we have some differences," Roberts says
- The four lawmakers have not yet discussed the nutrition title of the farm bill, H.R. 2, but were able to make "some real progress" on the conservation title
- NOTE: Current farm bill will expire Sept. 30

Federal Employee News

Opportunity for Pay Freeze Coming Up

Fedweek
August 22, 2018

Another opportunity lies just ahead for President Trump to advocate for a freeze on federal pay rates in 2019, although unlike in recent years, the White House's position on a raise will be actively considered in Congress in the later months of the year.

Under the 1990 federal pay law, if by the end of August Congress has not legislated a figure for the following year's pay raise—it hasn't so far and it won't by then because the House is in recess through Labor Day—the President can issue a message to Congress stating his intent to set a figure by default in case no figure is legislated by the end of the year.

Each year prior to this year, since the end of the three-year freeze over 2011-2013 Presidents have issued such a message restating their original raise proposal for the following year. That message essentially prevents a much larger raise from taking effect by default if Congress does not act by the end of the calendar year.

Last year, for example, Trump reiterated his original proposal for a 2018 raise averaging 1.9 percent, saying that the 1990 law otherwise would automatically trigger a raise averaging above 26 percent at a cost of \$26 billion. A 1.9 percent raise ultimately was paid in January of this year, since last year Congress continued a practice of remaining silent on the raise, allowing the President's figure to take effect.

This year the House set out to follow that same pattern of consenting to the White House position through silence; it included no language regarding a raise in a key spending bill, the general government appropriations bill. However, unlike in the past when the Senate did the same, this time it voted to set a figure: 1.9 percent, to be split as 1.4 percent across the board and the funds for the other 0.5 percentage points divided up as locality pay.

In position statements on those bills during House and Senate floor voting, the White House reiterated call for a freeze—although it did not threaten to veto the Senate bill over its provision for a raise.

The late-August presidential messages commonly are interpreted by publications without extensive knowledge of federal pay and benefits as the last word on federal pay for the following year. However, any later action by Congress that is signed by the President—such as in an individual appropriations bill or a catchall budget—would override the default figure.

The House and Senate still must work out the differences over the pay raise and other issues in the general government spending bill. No such conference can even begin until September and most likely would not conclude for some time afterward. With the start of the new fiscal year just ahead in October and none of the regular spending bills close to enactment, Congress most likely will again will move to temporarily extend spending authority to buy more time.