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# Congressional & Administration News

### What to Know in Washington: Trump-Abe Talks to Focus on Trade

By Brandon Lee | April 26, 2019

Bloomberg Government

President Donald Trump and Japanese Prime Minister Shinzo Abe plan to discuss how to deepen trade and economic ties in energy, digital connectivity and infrastructure during talks today at the White House.

Meetings between the two leaders will include top trade and economic officials from both countries, according to a senior U.S. official who requested anonymity to discuss the talks.

The U.S. is pushing to reduce its trade deficit with Japan and gain better access to the Asian nation’s agricultural market. Japan is looking for a concrete promise that it won’t be hit by possible U.S. tariffs on auto imports, after successfully winning an exemption to taxes imposed by the Trump administration last year on steel and aluminum.

The U.S. and Japan kicked off bilateral trade talks last week, after Japan dragged its feet for more than two years in the hope that the U.S. might rejoin the successor deal to the Trans-Pacific Partnership agreement. Trump pulled the U.S. out of the partnership soon after his inauguration, and the 11 other members, including Japan, forged a successor deal called the CPTPP.

The Trump-Abe sit-down comes after Japanese Economy Minister Toshimitsu Motegi met with U.S. Trade Representative Robert Lighthizer in Washington on Thursday. Japanese Finance Minister Taro Aso held a separate discussion on currencies with Treasury Secretary Steven Mnuchin. Aso told Mnuchin that Japan opposes a U.S. effort to link trade and currency policies.

Trump and Abe are expected to discuss priorities for the Group of 20 meeting later this year in Osaka, according to the U.S. official. The leaders also are planning to devote part of their talks to the White House’s efforts to negotiate a nuclear deal with North Korea.

China’s Xi Signals Approval for Trump’s Trade War Demands: Chinese President Xi Jinping addressed some 40 world leaders at the Belt and Road forum in Beijing, but his speech may have been aimed at a head of state not in the audience: Trump.

Xi spent a large portion of his speech Friday addressing Chinese domestic reforms, pledging to address state subsidies, protect intellectual property rights, allow foreign investment in more sectors and avoid competitive devaluation of the yuan. All four are issues the U.S. is addressing in trade talks with Beijing.

“We will establish a binding enforcement system for international agreements,” Xi said, adding that China will standardize all levels of government in terms of issuing administrative licenses and market regulation, and also “eliminate improper rules, subsidies and practices that impede fair competition and distort the market.”

Xi’s promises have been echoed by officials over the past few months and China has taken several steps to address U.S. concerns, including passing a new foreign investment law that bans forced technology transfers. Trade negotiators led by Lighthizer return to Beijing next week as both sides work toward a face-to-face meeting between Trump and Xi to ink a deal.

U.S. Said to Mull Concessions on Drug Protections in China Talks: The Trump administration may concede to a Chinese proposal that would give less protection for U.S. pharmaceutical products than they receive at home, according to people familiar with the matter, a move that could draw opposition from the American drug industry. Under the Chinese offer being discussed as part of wider trade talks, U.S. pharmaceutical companies would get eight years of regulatory data protection in China for the biologics they develop, said two people, who spoke on condition of anonymity because the discussions are private.

That compares with the 10 years of protection they get in the new NAFTA, which Congress hasn’t yet approved, and the 12 years they receive in the U.S. The move raises the possibility that, in the middle of a fierce U.S. debate over drug prices, the Trump administration would give China a stronger mechanism to force down prices for some of the world’s most expensive drugs than the U.S. has.

**Elections, Politics, Probes**

Democratic 2020 Candidates Lag U.S. in Giving, Tax Returns Show: As more presidential candidates release their tax returns, a picture of Democrats’ charitable giving is beginning to emerge. For the most part, they’re not as generous as most Americans. With notable exceptions, most high-polling 2020 Democratic presidential candidates gave well below the U.S. average to charity in 2018, according to the deductions claimed on their tax returns. While Americans give between 2 percent and 4 percent of their incomes on average, most candidates claimed charitable deductions of less than 2 percent of their total incomes.

Sens. Bernie Sanders, (I-Vt.) Elizabeth Warren (D-Mass.) and Cory Booker (D-N.J.) gave more than 2 percent of their total incomes, according to their returns. Beto O’Rourke, the former Texas congressman, gave the least, with donations of just $1,166 in 2017 or 0.31 percent of his income. O’Rourke hasn’t yet released his 2018 return. Booker, New Jersey’s junior senator, in 2018 claimed the highest charitable deduction at 16 percent, or $24,000. Last year, he relied on his Senate income but in earlier years, Booker has made significantly more money in speaking fees and book royalties.

Michigan Ordered to Redraw Congressional Maps: Thirty-four Michigan voting districts were ordered redrawn yesterday by a panel of federal judges that found most were gerrymandered to favor Republicans. The Michigan Legislature drew its 2011 district lines for congressional, and state House and Senate elections with guidance from “Project REDMAP” or “REDistricing Majority Project,” an initiative led by the Republican State Leadership Committee, Judge Eric Clay said for the unanimous three-judge panel of the U.S. District Court for the Eastern District of Michigan.

FEC to Probe Campaign Violations After Mueller: Special Counsel Robert Mueller’s report is providing fodder for the Federal Election Commission to probe possible campaign finance law abuses related to foreign interference. Commissioner Ellen Weintraub(D) ordered staff attorneys to recommend enforcement action and policy changes based on the report. Some of Mueller’s findings “are squarely within our wheelhouse,” she said at an FEC meeting.

Weintraub said she hoped release of the Mueller report’s finding that Russians used internet ads and other postings to disrupt the 2016 election would jump-start a stalled rulemaking to require specific disclaimers disclosing sponsors of online political ads. Republican members supported the move but cautioned that the FEC has limited jurisdiction to respond to the Russian election meddling detailed in the Mueller report.

**Coming Up in Congress**

Lawmakers Probing Firings at DHS: Three House chairmen are investigating the string of firings at the Homeland Security Department, according to a press release from House Oversight and Reform Chairman Elijah Cummings (D-Md.), Judiciary Chairman Jerrold Nadler (D-N.Y.) and Homeland Security Chairman Bennie Thompson (D-Miss.). The three said in a letter their probe was spurred after the White House refused to allow its top immigration adviser, Stephen Miller, to testify on his alleged role in the firings.

They’re requesting documents relating to the forced resignation of DHS officials, including former Secretary Kirstjen Nielsen, whom the chairmen say may have been ousted after refusing to violate federal immigration law, reports Michaela Ross.

AOC’s Town Hall Sets Off Debate Over Mission Act: Rep. Alexandria Ocasio-Cortez’s (D-N.Y.) recent remarks about the Veterans Affairs Department has put a normally cordial relationship at odds over the state of affairs at the second-largest U.S. agency. Ocasio-Cortez said last week the VA “isn’t broken” and criticized a community care expansion that is set to be implemented this year while going after the 49,000 vacancies at the VA, Megan Howard reports.

Her remarks prompted a response from Rep. Phil Roe (R-Tenn.), the House Veterans’ Affairs Committee’s top Republican, who said “when you don’t know anything about anything you should probably keep your mouth shut or everyone will know you don’t know anything”.

But Chairman Mark Takano (D-Calif.) defended Ocasio-Cortez over Twitter, saying she “is correct in pointing out concerns about VA privatization, which will undermine its core mission while diminishing benefits to the veteran” and asked Roe “not to tell members to shut their mouths.”

**Defense, Foreign Affairs**

Shanahan Cleared Over Claims He Favored Boeing: Acting Defense Secretary Pat Shanahan was cleared by a Pentagon watchdog of allegations he violated ethics standards, opening up the road for Trump to decide whether to nominate him to stay in the job. Investigators interviewed 33 officials and reviewed 7,300 pages of unclassified and classified documents in reviewing at least six sets of anonymous allegations against Shanahan, including assertions that he showed favoritism to his former employer, Boeing.

“We did not substantiate any of the allegations,” the inspector general said in the 36-page report released yesterday. “We determined that Mr. Shanahan fully complied with his ethics agreements and his ethical obligations regarding Boeing and its competitors.”

F-35s Often Grounded in 2018 by Parts Shortages: The Pentagon’s inability to provide spare parts for Lockheed Martin’s F-35 Joint Strike Fighters based around the world has hamstrung the advanced fighter aircraft and kept many unable to fly, the Government Accountability Office reported yesterday.

The faltering global supply chain caused a backlog of 4,300 F-35 parts and left nearly 30 percent of the military’s fleet on the ground during a seven-month period last year, according to the GAO. “Without a detailed plan for the network, DOD may not be ready to support an expanding fleet,” the agency wrote in a new study ordered by Congress. About 350 of the fighters are operating from 15 bases worldwide.

Oracle Policy Chief Pledges to Keep Up Fight on JEDI Cloud Bid: Oracle will continue to fight the terms of the Pentagon’s $10 billion winner-take-all cloud computing contract after being kicked out of the bidding process this month, according to the company’s chief lobbyist. Oracle Executive Vice President Kenneth Glueck, who leads the company’s Washington policy shop, said in an interview with Bloomberg News that the company will continue to challenge requirements for the project known as JEDI in a lawsuit before the U.S. Court of Federal Claims and in conversations with lawmakers on Capitol Hill.

Canada-U.S. Migrant Proposal Seen Moving Ahead: Canada has had “positive responses” to its proposal to modify an agreement that could lead to the U.S. accepting more asylum seekers on the Canadian border, David MacNaughton, Canada’s U.S. ambassador, said at a Washington event. MacNaughton said steps are underway for the Homeland Security Department to gain permission from the State Department to negotiate a proposal.

Canada wants to crack down on the increase in undocumented migrants, who may see Canadian migrant laws as more favorable. The proposal may alter the 2004 Safe Third Country Agreement, so migrants entering Canada between ports of entry would be turned back to apply for asylum first in the U.S.

Kim Jong Un Slams U.S. for ‘Bad Faith’: North Korean leader Kim Jong Un used talks with Russian President Vladimir Putin to accuse the U.S. of “bad faith” in nuclear talks, warning that the current detente on the Korean Peninsula was at risk. Kim told Putin at a meeting in Vladivostok that the dispute with the U.S. could “return to its original state,” the state-run Korean Central News Agency said Friday, in an apparent reference to the cycle of threats and counterthreats by both sides.

**What Else to Know**

Trump Said to Push Offshore Oil Expansion: The Trump administration is delaying its bid to expand oil drilling to new U.S. waters until after the 2020 election in response to opposition from coastal Republicans and a legal defeat, according to two people briefed on the matter. Administration officials are worried that Trump and Republican leaders in the Southeast U.S. would lose votes if they pushed forward with the plan to allow new drilling in the Atlantic, Arctic and Pacific oceans, said the people.

Sanders’s First Press Briefing in 46 Days: White House press secretary Sarah Huckabee Sanders held her first news briefing in 46 days yesterday. It was for kids, and mostly off the record. Sanders hasn’t taken questions from reporters in the White House’s briefing room since March 11, when she and other officials briefed the press corps on the president’s fiscal 2020 budget proposal. Sanders yesterday invited children of staffers and journalists brought to the White House for Take Your Sons and Daughters to Work Day to sit in their parents’ seats in the briefing room and ask questions.

HUD to Delay Down-Payment Assistance Crackdown: The administration agreed to delay a crackdown on national mortgage down-payment assistance programs after a company subject to the caps sued to block the government. CBC Mortgage Agency said the Housing and Urban Development Department’s action “effectively outlaws” its business, the Chenoa Fund, one of the largest down-payment assistance programs in the country.

Health Care Lobbying Defies Downward Trends: Companies and associations spent $851 million on lobbying in the first quarter of this year, a preliminary tally shows, short of the $904 million in advocacy expenditures for the same period in 2018. The partial shutdown and reduced interest in tax policy took a toll on activity, with a major decline in the share of organizations listing either tax or budget issues on filings. But health care, trade, and tech issues bucked that trend, with increases in activity for the three-month stretch, according to a BGOV analysis of lobbying disclosure data.

# Federal Employee News

### Some May Face Long Wait for Back Pay

Fedweek | April 23, 2019

Some federal employees may face a long additional wait before receiving the back pay from the retroactive raise, even as some already have received it and some have been promised they will see it in the next distribution.

Almost all federal employees received late last week or early this week the pay distribution for the biweekly pay period that ended April 13. That was the first full pay period after an executive order was issued March 28 setting new pay tables by locality reflecting an average 1.9 percent raise—ranging from 1.66 to 2.27 percent by locality—retroactive to January 6.

Employees from various agencies report a mix of results. In some cases, the most recent distribution reflected the new pay rate, with that rate now being applied moving forward, and also contained the back pay. Others say that their pay now reflects their new rate but the distribution did not include back pay. Some add that that they were told to expect the back pay with the distribution covering the biweekly period ending Saturday (April 27), which is to be paid out about a week later.

Others say they received neither the new rates nor the back pay and were told to look for both in the upcoming distribution. Still others say they have been not to expect the back pay in the next distribution, with no indication of when they will receive it. The law granting the raise was signed February 15 and the patience of many employees wore thin long ago.

While payroll is distributed in almost all cases not by individual agencies but through one of the four central payroll providers agencies use—run by Defense, Interior, Agriculture and GSA—there has not been a consistent pattern of results even by those providers.

The back pay element is proving to be complicated, as expected, especially for employees who had a change in pay rates since January 6 for any of a variety of reasons—a within-grade raise, a promotion, a change to a different locality—or who earned special forms of pay such as premium pay or overtime. Agencies further must recalculate any forms of award or incentive—such as a retention incentive—paid on a percentage of salary basis and adjust those, as well. The National Treasury Employees Union has told its members in the IRS that the agency informed it that back pay may not be fully squared up for as long as four months.

Under OPM policy, employees are not entitled to interest on the back pay.

### Reminder on Deductions from Raise, Back Pay

Fedweek | April 23, 2019

Some employees who have received their pay raise and back pay are saying that the amounts are incorrect. While that’s no doubt true in some cases—given the large number of employees involved and the complexity of the recalculations—it’s also important to bear in mind the policies regarding deductions from such payments.

Both the back pay and the salary rate increase are taxable for regular federal, state and other taxes and for civil service retirement contributions purposes. Certain other types of payments that may be reflected in a back payment, such as recruitment or retention incentives, or various forms of awards, are not subject to civil service retirement contributions—they do not count toward retirement calculations—but they are taxable for other purposes.

Also, if a raise moves an employee into the next higher $1,000 income bracket, for Federal Employees Group Life Insurance Basic and Option B insurance, an additional amount is withheld to reflect the higher premium that comes with the higher coverage.

However, since biweekly deductions for FEHB, FEDVIP and FLTCIP insurance and for FSA accounts were been withheld from previous pay distributions, there is no additional deductions toward them from the back pay portion; the same applies to TSP investors who invest on a dollar amount basis.

TSP investors who invest on a percentage of salary basis have additional retroactive investments withheld, however, and FERS employees among that group also receive additional agency matching contributions into their accounts. For them and for dollar-amount investors, the FERS automatic 1 percent of salary agency contribution is increased to reflect the raise. However, lost earnings are not payable since a retroactive pay increase is not considered an agency error that would trigger payment of lost earnings.