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# Congressional & Administration News

### What to Know in Washington: Shrinking Refunds Haunt GOP Tax Law

By Zachary Sherwood | March 15, 2019

Bloomberg Government

Getting a tax refund is a springtime tradition that Americans love as much as Easter candy.

But fewer people are getting refunds this year and that’s causing angst for Republicans who want to convince voters that the 2017 tax overhaul really did give them a tax cut. If middle America can’t be persuaded, it could have big implications for the long-term viability of the overhaul, and how consumers spend their extra income.

Republicans are on the defensive. The once little-noticed ritual of releasing weekly refund data during the tax filing season has become politically fraught, with unfavorable data being released late on a Friday night, and better figures a week later causing Treasury Secretary Steven Mnuchin to take to cable news to tout success.

“Taxes are down so refunds should be down,” Mnuchin told the House Ways and Means Committee yesterday. Mnuchin added that many people did not change their withholding and so refunds are consistent with last year.

Democrats see an opportunity to use the drop in refunds to hammer Republicans in the 2020 campaign for seeming to favor the wealthy and denying middle- and lower-income people the refunds they count on. And polling shows the GOP has work to do. The tax law is the Republican Party’s signature legislative achievement, but still only about 39 percent of people approve of it, according to a series of polls conducted this year.

Meanwhile, Democrats on the House and Senate tax-writing panels have found some places where they agree with Mnuchin. Mnuchin appeared before both committees yesterday, in planned hearings on the latest White House budget proposal. Democrats will need bipartisan support and administration buy-in to make progress on their top priorities in a divided government. Lawmaker questions seemed to acknowledge the need for some consensus.

**More Politics & Policy**

**Can Beto Break Through:** Beto O’Rourke’s highly public journey to the 2020 presidential race landed him in Iowa with a big splash yesterday. Now, Democrats are waiting on him once again — this time to see if he can deliver on the hype. His campaign kick-off fit the image cultivated during O’Rourke’s unsuccessful Senate bid. Presaged by a glossy Vanity Fair cover, Day One opened with a video announcement, continued with a televised appearance before cheering supporters at a coffee shop and ended with a marathon sprint across the state.

Also true to the former Texas congressman’s style, the roll-out had a loose, impromptu feel that raised questions about whether he’s fully ready for a national campaign. The announcement’s timing shifted abruptly in the middle of the night, and the candidate himself spoiled any surprise by texting the news to a hometown TV station. His entire schedule wasn’t made public and there was scant evidence of staff support at events. His answers to questions were heavier on biography than policy.

**Senate Rejects Trump Border Emergency:**The Senate yesterday voted to block Trump’s declaration of a national emergency to pay for a wall at the border with Mexico, setting up his first veto and highlighting a growing willingness by Republicans in the chamber to split with their president. “I look forward to VETOING the just passed Democrat inspired Resolution,” Trump wrote on Twitter after the vote, while also thanking the “Strong Republicans” who voted against it. Earlier, he predicted at the White House that Congress will be unable to overturn his veto.

**Boeing’s Advocacy Operation:** Boeing’s investment in Washington lobbyists will be tested as the company confronts questions about the safety of its 737 MAX airliner and about the way it has fulfilled its contracts with the U.S. government. The aerospace company is the No. 2 supplier of goods and services to the federal government, to the tune of about $30 billion per year. Only Lockheed Martin sells more. The company spent more than $15 million to advocate before federal policymakers on Capitol Hill and regulatory agencies in 2018 — on issues including defense, trade, and environmental policy, according to disclosure reports. That figure was the lowest amount the company had spent on lobbying by the company over the last decade, down from its all-time-high of $21.9 million in 2015.

**What Else to Know Today**

**Terrorist Attacks on Two New Zealand Mosques:**New Zealand has suffered its worst mass shooting in modern history, with 49 people dead and more than 20 seriously injured after a terrorist attack at two mosques in the South Island city of Christchurch. A man in his late 20s has been charged with murder and should appear in a local court tomorrow morning, Police Commissioner Mike Bush told a news conference late on Friday. Three other armed people were apprehended but police are unsure of their possible involvement and are still working through events, he said.

**Brazil Seeks Nuclear Pact:**Brazil’s energy minister said the country plans to sign an accord next week with Trump that could pave the way for U.S. companies to explore the Latin American country for uranium and invest in new nuclear-power plants. Bento Albuquerque, a former admiral who once ran the Brazilian Navy’s atomic program, met with U.S. Energy Secretary Rick Perry in Houston this week and discussed creating a bilateral forum on energy cooperation that would include nuclear projects. That’s expected to be part of a memorandum signed by Brazilian President Jair Bolsonaro on his first trip to the White House next week, Albuquerque said yesterday in an interview.

**Kim Jong Un Rethinks U.S. Nuclear Talks:**Kim Jong Un will soon decide whether to halt nuclear disarmament talks with the U.S., a top North Korean diplomat said, in the latest sign of fallout from his failed summit with Trump last month. Vice Foreign Minister Choe Son Hui told reporters and diplomats today in Pyongyang that North Korea blamed the U.S.’s “gangster-like” demands for the breakdown in talks, according to the Associated Press. Choe said Kim would clarify his position on whether to continue his 15-month freeze on bomb and missile tests “in a short period of time,” the AP reported.

Meanwhile, Trump’s envoy for North Korea called on United Nations Security Council members to stay united in pressuring Kim’s government to give up its nuclear weapons following the failed talks between Trump and Kim in Hanoi last month. Special Representative Stephen Biegun briefed council members at the U.S. mission in New York yesterday, and stressed the importance of ensuring that U.N. sanctions are maintained and fully implemented amid ongoing North Korea denuclearization talks, according to a diplomat who was present at the meeting and requested anonymity to discuss it.

**Trump-Xi Meeting Delayed:**A meeting between Trump and President Xi Jinping to sign an agreement to end their trade war won’t occur this month and is more likely to happen in April at the earliest, three people familiar with the matter said. Despite claims of progress in talks by both sides, a hoped-for summit at Trump’s Mar-a-Lago resort will now take place at the end of April if it happens at all, according to one of the people. China is pressing for a formal state visit, which traditionally takes place in Washington, rather than a lower-key appearance just to sign a trade deal, the person said.

**Liberals Keep Narrow Wins on High Court:**Republican-nominated justices on the U.S. Supreme Court have outnumbered their Democratic-appointed colleagues throughout John G. Roberts’ tenure as chief justice. Yet more than half the court’s 5-4 decisions over those 14 years have involved majorities other than five Republican appointees prevailing over four Democrats. Up until last term, liberal justices relied primarily on Reagan-appointed Anthony Kennedy to notch victories in these cases. Kennedy crossed the ideological line six times more than the next closest justice in these five-justice majorities, according to a Bloomberg Law analysis of all 5-4 rulings in the Roberts era. But even with Kennedy’s retirement, there’s still potential for the court’s outnumbered liberals to cobble together majorities in certain types of cases, based on past votes and the newest justices’ histories.

**Organized Labor Opposes NAFTA Replacement:** The AFL-CIO, the nation’s largest federation of labor unions, won’t support the United States-Mexico-Canada Agreement trade deal if an early vote is pursued, the organization announced yesterday. The federation’s executive council voted to oppose the deal after a two-day meeting, saying that it lacks sufficient enforcement mechanisms that would strengthen labor conditions in Mexico. More work needs to be done to strengthen the USMCA’s labor rules, including adding mandatory monitoring and reporting of labor conditions, the AFL-CIO Executive Council said in a statement.

# Agriculture News

### Work Requirements, Food Boxes Revived in 2020 Agriculture Budget

* Food stamp change would aim for $219 billion savings over 10 years
* Administration proposes limiting federal crop insurance program

By Teaganne Finn | March 11, 2019

Bloomberg Government

The Trump administration in its 2020 budget proposed stricter work requirements for recipients of federal food assistance and creating food packages called “harvest boxes” for the needy, ideas Congress has rejected in the past.

The fiscal 2020 request showed a renewed effort to slim down the Supplemental Nutrition Assistance Program, formerly known as food stamps, to save $219 billion over a decade, according to the budget. In the last Congress, final action on the 2018 farm law (Public Law 115-334) was delayed in part because of a debate over food assistance work requirements that ultimately were left out of the legislation.

The budget proposes tighter work requirements for SNAP to help recipients “enter the job market and work toward self-sufficiency.”

Senators from both parties expressed concern with proposals in President Trump’s fiscal 2020 budget plan.

The changes sought to SNAP build on efforts from Agriculture Department Secretary Sonny Perdue to use the regulatory process to tighten work provisions, which he proposed hours before President Donald Trump signed the 2018 farm legislation. The proposed rule would eliminate statewide waivers from work requirements for SNAP recipients unless a state qualifies for extended unemployment benefits.

Additionally, the fiscal 2020 budget would leave it to states to implement the proposed America’s Harvest Box program, “including innovative approaches for the inclusion of fresh products,” according to the plan.

**Subsidy Limits**

Trump proposed major cuts to the federal crop insurance program, seeking an adjusted gross income limit of $500,000 or less and tighter commodity payment limits, including limiting eligibility for commodity subsidies to one manager per farm.

Some lawmakers argued for similar provisions during the farm law debate. Sen. Chuck Grassley (R-Iowa) unsuccessfully sought to limit the number of farmers eligible for commodity payments by changing the definition of actively engaged farmers.

“Now is not the time to be making changes to the vital risk management tools that are essential to producers in order to withstand this tough period in the agricultural economy,” Senate Agriculture Committee Chairman Pat Roberts (R-Kan.) told Bloomberg Government in a statement.

“We must first allow the Farm Bill to be fully implemented,” he said.

That committee’s ranking Democrat, Sen. Debbie Stabenow (Mich.),also panned the budget, saying it “rolls back much of this critical support for agriculture and rural America,” she said in a statement.

A major farm group was critical, as well. “Rather than turning right around and proposing cuts to farm programs, the President should be working to build on that success [of the farm bill] by providing needed additional support for family farmers and ranchers,” said Roger Johnson, president of the National Farmers Union in a statement.

The USDA is in the midst of implementing the farm law and gathering input from stakeholders. The agency’s first listening session was held Feb. 26 to address changes to existing programs implemented by the Farm Service Agency, Natural Resources Conservation Service and the Risk Management Agency.

### Trump to Farmers: `LOVE YOU!' But Still Cutting Your Subsidies

* President’s budget trims crop insurance, small grower money
* Time for Trump to ‘acknowledge the pain,’ Farmer’s Union says

By Mario Parker and Alexandra Semenova | March 12, 2019

Bloomberg Government

President Donald Trump’s "I LOVE YOU!" tweet to farmers is facing another challenge: Budget cuts that will slash subsidies for crop insurance and small growers.

Trump’s 2020 budget, released Monday, calls for a 15 percent funding drop for the Department of Agriculture, citing “overly generous” subsidies. The president is seeking one of the largest-ever cuts to domestic discretionary spending in a $4.7 trillion fiscal 2020 budget proposal that also boosts defense spending and adds $8.6 billion for building a border wall.

The plan would trim the USDA budget by $3.6 billion to $20.8 billion, lowering subsidies for crop insurance premiums to 48 percent from 62 percent, and limiting subsidies for growers who make less than $500,000 annually.

In December, the president tweeted, “Farmers, I LOVE YOU!” On Monday, the National Farmers Union criticized the White House budget proposal, saying, "It’s time the president’s policy proposals and rhetoric acknowledge the financial pain in farm country.”

The budget blueprint, which forecasts annual deficits extending beyond the next decade and rising national debt, represents a wish list for the president’s priorities that is certain to be ignored by Congress. “The Trump budget has no chance of garnering the necessary bipartisan support to become law,” said Nita Lowey, the top Democrat on the House Appropriations Committee.



Farmers comprise the bedrock of the rural base of voters that sent Trump to the White House. That constituency found itself caught in the cross-hairs of Trump’s trade war with Beijing after China slapped retaliatory tariffs on U.S.-grown crops, including soybeans.

The Trump administration responded with a plan to authorize as much as $12 billion in aid, but even prior to the ruckus between the world’s two largest economies, American farmers were dealing with low prices and a decline in incomes wrought by bumper crops.

Trump’s budget “proposes that USDA responsibly and efficiently use taxpayer resources by making targeted reforms to duplicative programs and overly generous subsidy programs,” according to the document.

Donald J. Trump

@realDonaldTrump

Farmers will be a a very BIG and FAST beneficiary of our deal with China. They intend to start purchasing agricultural product immediately. We make the finest and cleanest product in the World, and that is what China wants. Farmers, I LOVE YOU!

Sent via Twitter for iPhone.

In speaking at the American Farm Bureau Federation’s conference in January in New Orleans, Trump said that he was “proud to be a great friend of the farmer, of the rancher” and those in that profession.

“We are very disappointed that the president takes the position that he does, but many of these cuts were discussed in the ag committees of both the House and the Senate when they put together the farm bill, and they were rejected,’’ said Gene Paul, legislative coordinator at the National Farmers Organization.

“Crop insurance is probably more important now than ever because of lower farm incomes and tariffs put in place by the president’’ Paul said. “The president just doesn’t get it.’’’

# Federal Employee News

### Trump Again Proposes No Raise, Familiar Benefit-Cutting Proposals

Fedweek | March 13, 2019

President Trump has called on Congress to provide no federal employee pay raise in January 2020 and to increase the required employee contributions toward retirement while eroding the value of those benefits—particular for future retirees but also for current retirees.

The proposal already has run into opposition in Congress, where leading House Democrats on federal workforce issues have vowed not to even consider benefit cuts; they further are advocating for a raise of 3.6 percent. They were instrumental in enactment last month of an average 1.9 percent pay raise retroactive to January 6 to replace the salary rate freeze that Trump imposed at the start of this year when a raise figure was not legislated last year.

In addition to again calling for a pay freeze—in contrast to the 3.1 percent raise being sought for the uniformed military—the budget proposal contains other provisions Trump previously sought, unsuccessfully. While short on details, it identifies the proposed changes in a listing of their budgetary impact, the largest of which would be to shift from the government to employees more of the cost—$79.8 billion of it through 2029—of retirement benefits.

That would be done, as has been proposed before, by increasing employee contributions by 1 percent of salary per year until the two shares are equal. In most cases, that would require employees to pay about 6 percent of salary more than they currently pay, although FERS employees hired since 2012 already are paying at higher rates so the increase for them presumably would not be as steep.

The proposal also once again seeks to end the COLA on the civil service portion of a FERS annuity while shaving 0.5 percentage points off COLAs for CSRS retirees. That would yield a savings to the government (and thus cost retirees) of $56 billion through 2029. Social Security COLAs would not be affected.

**Also repeated were proposals to:**

\* base annuities of future retirees on the high-5 consecutive salary years rather than high-3 ($7 billion);

\* reduce the government contribution toward FEHB ($1.9 billion);

\* for future retirees, end the “special retirement supplement” paid to those under FERS who retire under age 62 and which is paid until they turn that age ($18.6 billion); and

\* reduce the G fund rate of return nearly to zero ($16.5 billion).

### Wait for Raise, Back Pay Nears One-Month Mark

Fedweek | March 13, 2019

Now almost a month since President Trump signed into law an average 1.9 percent federal employee pay raise to be paid retroactive to January 6, salary rates still have not been increased to reflect the boost nor have back payments been made.

With the end of the current pay cycle just ahead on Saturday (March 16) it is virtually certain that the next pay distribution for federal employees won’t contain either the new rates or the back pay. That process can’t even start until the administration issues the revised pay tables—which will include variations by locality, ranging from about 1.7 to 2.3 percent—which are generated by OPM but formally set by an executive order that has yet to be issued. Those new rates then will have to be entered into payroll systems, and for the back pay element agencies will have to calculate how much to increase pay already received, including special forms of pay such as overtime and premium pay.

The delay has left many employees frustrated and some worried that in some way the increase won’t be paid. However, the raise has been signed into law and there has been no sign that the administration is looking for a way to avoid paying it. In a similar situation in both 2003 and 2004, the pay order was not issued until more than a month had passed from enactment of the raise, and it was several pay periods later until many employees saw an increase in biweekly pay and received the back pay—which was paid as a lump-sum, either with a regular distribution or as a separate distribution.

Many employee also have asked whether they will be due interest on the back pay portion due to the delay. In the prior situations, the policy was that no such interest was payable.

### Many Details on Proposals Still Lacking

Fedweek | March 13, 2019

The White House’s budget proposal, released Monday, was an incomplete version of that annual document, consisting of just a summary book with supporting books that contain fuller details still yet to come. In some cases those details will more fully describe proposals listed in what has been released, while in others they likely will address topics not mentioned so far.

For example, while last year’s version of a proposal to require higher employee contributions toward retirement specified that it would apply only to FERS employees, the current proposal does not say whether CSRS employees would be included as well. Similarly, the document does not address whether law enforcement officers and others subject to mandatory retirement would be exempt from repeal of the FERS “special retirement supplement,” as last year’s version specified.

Also, a proposal to “modify the government contribution to FEHB premiums” does not describe how it would be done. However, it gives a hint—by using similar budgetary projections—that it would be done in the same way as last year’s proposal. Under that proposal, there would be a standard contribution using the current formula while the government would pay 5 percentage points less for insurance plans in the lowest third of the quality rankings and 5 percentage points more for those in the top third.

Also missing so far is any mention of a $1 billion fund proposed last year to reward good performers and to increase incentives for high-demand occupations, which was presented as a trade-off for the proposed salary rate freeze. Nor is there mention of last year’s proposal to combine annual and sick leave into one category, to be called paid time off. The administration never spelled out those proposals in detail and Congress did not actively consider them last year.