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## Congressional & Administration News

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### What to Know in Washington: Trump Hits Campaign Trail

By Zachary Sherwood | September 6, 2018  
Bloomberg Government

Donald Trump takes his fight to keep his party in control of Congress to the Great Plains this week, where the White House thinks he still retains enough popularity to help Republicans unseat incumbent Senate Democrats.

Trump's first stop is Billings, Montana, where he'll stump for State Auditor Matt Rosendale, who is challenging two-term Sen. Jon Tester (D). He'll go to North Dakota the next day to help out one of his son Donald Trump Jr.'s favorite candidates, Rep. Kevin Cramer (R), who's challenging Sen. Heidi Heitkamp (D).

The president has said he thinks his accomplishments will fuel a "red wave" of Republican victories in November's midterm elections. But polls suggest a Democratic takeover of at least the House. And in Illinois tomorrow, Barack Obama will begin his own campaign on behalf of Democratic candidates with a major speech — the first time in recent memory that a former president has played such an active role in national elections just two years after leaving office.

Trump's trip is the first overnight swing of what aides have described as an aggressive schedule of at least 40 days of campaign travel between the beginning of August and November. That would outpace both Obama and George W. Bush's efforts in off-year elections during their presidencies.

Trump also will make his first presidential visit to South Dakota to headline a fundraiser for Kristi Noem, who's running for governor.

**GOP Braces for Democratic Surge:** Meanwhile, Republicans are bracing for a potential Democratic wave in November that would rip away their grip on the House, leave their agenda in tatters and embroil Trump's White House in a procession of congressional investigations. The GOP enters the final two months before the vote

confronting an array of flashing warning signs — including polls, fundraising and primary voter turnout — pointing to the end of one-party rule in Washington.

“There is a confluence of things that suggest a very tough outcome for Republicans,” said Sara Fagen, who served as White House political director to President George W. Bush when Republicans lost the House and Senate in the 2006 midterm election.

Democrats have expanded the congressional battlefield, putting more than 60 Republican-held House districts in play. They need a net gain of 23 seats to take the majority in the chamber, and are seeking to take advantage of the record number of GOP seats left open by retirements and resignations, which have left Republicans extra-vulnerable. The House battlefield ranges from traditional suburban swing areas, such as those in New Jersey and Virginia, to some in less-expected areas. Districts in Kansas, Maine and Kentucky that all voted for Trump in 2016 are now rated as competitive.

**Democrats’ Big Questions:** Separately, a group of conservative House Democrats is warning the party’s candidates in Republican-leaning districts to have a ready answer for one question: will you support House Democratic Minority Leader Nancy Pelosi for speaker? “If they don’t answer that question correctly then they’re written off,” said Rep. Kurt Schrader (D-Ore.), who is the co-chairman of the Blue Dog Coalition’s political action committee. Schrader didn’t say what the correct response should be. But he said the “vast majority” of 20 candidates backed by the Blue Dog political action committee have committed to not voting for Pelosi for speaker if Democrats win a majority of House seats in the November election.

### **Kavanaugh Questioning Enters Day Three**

Supreme Court nominee Brett Kavanaugh steered clear of trouble in a marathon day before a Senate panel, refusing to say whether he would overturn the constitutional right to abortion or disqualify himself from any case directly involving Trump.

Over 12-plus hours yesterday, Kavanaugh fielded friendly questions from Republican senators and parried confrontational ones from Democrats. He left the latter group dissatisfied but also avoided any major slip-ups that could endanger his confirmation prospects in the Republican-controlled Senate. He will answer more questions today.

Kavanaugh’s performance drew plaudits from Trump. Speaking in the Oval Office, he called Kavanaugh an “outstanding intellect” who was “born for the job” of Supreme Court justice. Senate Republican leader Mitch McConnell (R-Ky.) said Kavanaugh had put in a “virtuoso” performance.

### **Also in Congress**

**Appropriations Update:** The House and the Senate are nearing a deal on a legislative package that would provide more than \$44 billion in annual funding for the Energy Department, Army Corps of Engineers, and other agencies at levels well above what the Trump administration had proposed. But Democrats said the package is stalling under the weight of too many policy riders inserted by House Republicans. These include provisions that would eliminate an Obama-era water jurisdiction rule and boost the Pacific Northwest fishing industry by keeping more water behind a key dam along the Columbia River.

The two chambers met yesterday in a conference committee meeting to go over the package to fund energy and water agencies. If the two parties can’t reach an agreement on these and other spending packages by the end of this fiscal year on Sept. 30, Congress will have to pass a short-term extension of current funding levels or risk a government shutdown.

Meanwhile, McConnell told Fox News that Republicans remain in favor of Trump's proposed border wall and still want to get funding for it, "but we think the best time to have that discussion is after the election."

Trump, who met with McConnell and other GOP leaders yesterday, has demanded additional border security funding in the next appropriations package. Trump said yesterday he's "willing to do what has to be done" to secure that, and, on a possible government shutdown if it doesn't, said: "If it happens, it happens."

McConnell told Fox there is "zero" chance of a government shutdown.

**Congress Considers Intern Pay:** Capitol Hill interns may soon start getting paid. The energy and water appropriations bill being ironed out by the conference committee would provide \$8.8 million in pay for House interns, Rep. Tim Ryan (D-Ohio) said yesterday. The measure also includes another \$5 million for interns working in the Senate. "While there is no doubt that interns gain valuable professional experience, I have heard the frustration and stories from interns who are struggling to pay for housing, meals, and transportation while interning without pay on Capitol Hill," Ryan said in a statement. "It is far past time they are compensated for all their hard work."

**Farm Bill Talks Lag:** A vote on a final farm bill conference report has been ruled out for next week by the Senate Agriculture Committee chairman, as the days dwindle to complete work by Sept. 30, when the current law expires. "That would be a pretty heavy lift," Chairman Pat Roberts (R-Kan.) said yesterday, when asked if a vote on a conference report could happen next week. Partisan disagreements on the Supplemental Nutrition Assistance Program may hold things up and force lawmakers to extend the current law.

**House Passes Financial Aid Counseling Bill:** The House yesterday passed bipartisan legislation that would require colleges to offer financial aid counseling for student borrowers once a year and expand it to Pell Grant recipients and those borrowing for a dependent. Currently, schools are required to provide entrance and exit counseling to students who will take out federal loans. "Many students enter into a binding loan contract with their respective universities without appreciating the gravity of the financial decisions they're making and the consequences it can have on their futures," Rep. Brett Guthrie (R-Ky.), the sponsor of the legislation, said on the floor.

## **NAFTA Talks Continue**

Trump said the U.S. may find out within days whether Canada will be part of a new continent-wide trade pact, as Canada's foreign minister said ongoing negotiations in Washington remained "constructive."

"We'll let you know about Canada. A lot of people are saying, 'how are you doing with Canada?' We'll let you know. We should know over the next two or three days, maybe even today. But you will be the first to know," the president told reporters yesterday.

He also said the new name of the North American Free Trade Agreement will be a surprise.

Chrystia Freeland, Canada's lead NAFTA minister, met with U.S. Trade Representative Robert Lighthizer in Washington yesterday after a series of meetings last week failed to yield an agreement. The U.S. has said Canada can still join a preliminary pact it struck with Mexico to replace NAFTA before the agreement is signed in late November.

**Dairy Farmers as Bargaining Chip:** Canada could barter away a piece of its restricted — and lucrative — dairy market in the NAFTA negotiations. Dairy is one of the core remaining issues, and Canadian Prime

Minister Justin Trudeau opened the door yesterday to concessions, but only if they get something in return. “Is there room for flexibility? We’ll see, and that depends on the kind of negotiations we have,” Trudeau said in a radio interview. But a dairy trade-off is no certainty. “We’re not going to accept that we have to sign a bad deal just because the president wants that. We’ll walk away and not sign a deal, rather than sign a bad deal for Canadians.”

**U.S. Trade Deficit:** The numbers are not looking good for a president who has made reducing the U.S. trade deficit one of his main economic goals. Worse still, signs are emerging that Trump’s trade wars are starting to hit economic growth, not just at home but around the world. New data yesterday showed the U.S. trade deficit in July widening at its fastest rate since 2015 as monthly deficits with China and the European Union both hit new records. In the year so far, the U.S.’s overall goods and services deficit is up by \$22 billion, or 7 percent, versus the same period last year. “The policies of this administration are policies that may not have been designed to increase the trade deficit, but that is their effect,” said Philip Levy, who served on President George W. Bush’s council of economic advisers.

## What Else to Know Today

**Chamber Targets Data Privacy:** The U.S. Chamber of Commerce today released a set of policy positions on internet privacy, including a proposal that companies be shielded from lawsuits if they violate laws governing how they collect and use data on their customers. The legislative blueprint from the powerful business lobby allied with Republican lawmakers will serve as an opening gambit as Congress, the White House and the tech industry prepare a push for privacy legislation that could affect the workings of the whole digital economy. The group’s proposal, which would also override stricter state regulations such as ones put in place by California, is all-but-certain to anger consumer advocates who have argued that people should be able to control data about themselves.

**Texas Obamacare Case:** The Trump administration isn’t defending Obamacare from a legal attack that could finally slay the embattled health-care law, but the federal government cautioned yesterday that an immediate and nationwide halt may trigger “chaos.” Unlike the state of Texas, which urged a federal judge to block the ACA right away, the Justice Department wants a court order not to take effect before Jan. 1, when the provision requiring people to pay a tax if they don’t have insurance is phased out. Blocking Obamacare before January would “cause chaos in the insurance market,” Deputy Assistant Attorney General Brett Shumate told U.S. District Judge Reed O’Connor.

**Trump Pushes for Name of Op-Ed Writer:** Trump demanded that the New York Times reveal the identity of a senior official who wrote an anonymous op-ed in the newspaper claiming that key members of the administration were secretly working against him. In a tweet last night, Trump lashed out at the Times over the article’s publication, questioning whether the author even existed and citing national security as a reason for the newspaper to disclose the person’s name. “If the GUTLESS anonymous person does indeed exist, the Times must, for National Security purposes, turn him/her over to government at once!” Trump said on Twitter.

**North Korea:** North Korean leader Kim Jong Un signaled a willingness to revive stalled nuclear talks, with South Korean officials saying he wanted to “achieve denuclearization” during Trump’s first term. Kim told visiting South Korean envoys yesterday he was ready to accept “stronger measures” to restrict his nuclear program and wanted a declaration with the U.S. to formally end the Korean War, the officials said. A separate account by North Korean state media said Kim told the delegation that he wanted progress on denuclearization, without mentioning the U.S. or Trump.

“He wanted to end some 70 years of animosity between North Korea and the United States and achieve denuclearization within President Trump’s first term,” South Korean National Security Office head Chung Eui-

yong, who led the one-day trip to Pyongyang, told reporters today in Seoul. South Korean President Moon Jae-in also agreed to meet Kim in the North Korean capital on Sept. 18-20, the first such trip in 11 years.

**Freddie Mac Vacancy:** Freddie Mac CEO Donald Layton plans to retire next year, potentially creating vacancies atop both U.S. mortgage-finance giants that have been under government control since the 2008 financial crisis. Layton joins Fannie Mae CEO Timothy Mayopoulos in announcing plans to step down. The Treasury and the companies' regulator, the Federal Housing Finance Agency, have been preparing for Layton's resignation, Bloomberg reported yesterday. The departures could strengthen the Trump administration's hand in shaping housing-finance policy.

## Agriculture News

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### Farm Bill Talks Lag Over SNAP as Final Vote Timing Still Elusive

- Vote on farm bill ruled out for next week
- Agriculture leaders stuck on food stamps, CBO report

By Teaganne Finn | September 6, 2018  
Bloomberg Government

A vote on a final farm bill conference report has been ruled out for next week by the Senate Agriculture Committee chairman, as the days dwindle to pass a final report by Sept. 30, when the current law expires. "That would be a pretty heavy lift," Chairman Pat Roberts (R-Kan.) said Thursday, when asked if a vote on a conference report could happen next week. Partisan disagreements on the Supplemental Nutrition Assistance Program may hold things up and force lawmakers to extend the current law.

The four leaders of the House and Senate Agriculture committees met again on Thursday to further discuss farm legislation and a separate draft proposal from House Agriculture Chairman Mike Conaway (R-Texas) that included a compromise on SNAP, formerly known as food stamps.

Senate Agriculture ranking member Debbie Stabenow (D-Mich.) told reporters the proposal "was not meaningful enough."

"It wasn't even close to something the Senate could accept," she said.

Conaway's draft included limiting state waivers for SNAP work requirements. An option lawmakers are also looking at is giving the Agriculture Department more statutory authority to administer and enforce the waivers, Roberts said.

"We're still working on that language," Roberts said.

The farm bill (H.R. 2) under negotiation would reauthorize agriculture-related programs under its current authorization (Pub. Law No. 113-79).

#### CBO Numbers 'Not Good'

The four leaders were waiting on Congressional Budget Office scores on certain provisions they'd been working on, meeting Thursday to look at those numbers.

"They were not good," House Agriculture ranking member Collin Peterson (D-Minn.) said. The CBO scores were about the commodity programs Price Loss Coverage and Agriculture Risk Coverage, which pay farmers when crop prices or revenues fall below guaranteed amounts, Roberts said.

"I'm not very happy with the CBO," Roberts said. "That is always the case when you're trying to make ends meet and get the 'pay-fors' in the right place and get people to buy into that."

The leaders still plan on going back to their districts for the weekend but have a meeting set for next Wednesday and will be communicating by phone.

## Federal Employee News

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### Pay Raise Still Possible in 2019 Despite Call for Freeze

September 5, 2018  
FedWeek

Despite President Trump's call for a pay freeze last week a raise remains a possibility for 2019. On Congress's plate this session is whether a federal employee pay raise will be paid in January, an issue to be dealt with in one of the regular appropriations bills – the general government bill.

The situation is essentially unchanged in light of President Trump's message to Congress last week once again advocating a pay freeze. As commonly happens when that annual message is issued, many news organizations and websites without deep knowledge of federal pay-related matters misstated the impact. Some reported that Trump had canceled a scheduled raise; others suggested that his letter acts as a final decision; some made both mistakes.

In reality, Trump's message was both expected and routine. The administration had proposed the freeze as far back as February (the intention to make that proposal had been public knowledge long before that) and it had repeated that proposal several times since then. The message is essentially a defensive step that Presidents take every year, in case a figure is not enacted into law by the end of the calendar year, to prevent a large raise that otherwise would kick in automatically under federal pay law.

The difference was that Trump's letter this year provides for no raise in that situation, while prior recent ones had set default raises of 1-2 percent, and Congress had allowed the annual figure to take effect by not acting. This year, the House in July passed its version of the general government bill taking no position on a raise—in essence, backing the default raise on the expectation that Trump would set it at zero, as he ultimately did.

However, the Senate version of that same bill advocates a 1.9 percent average raise, divided as 1.4 percent across the board and 0.5 percentage points for locality pay to be paid in varying amounts. Such differences are resolved in conferences between the two chambers.

The Senate language is structured to be more palatable to fiscal conservatives in Congress by not adding money to agency budgets to fund the raise, requiring them to absorb the cost out of their general operating accounts instead. Further, Trump may have signaled willingness to go along with a raise when in a speech the day after

sending his message he noted the opposition to it in Congress—mainly from Democrats but also from some Republicans—and said he would “study” the issue.

Both versions also continue a number of long-running standard policies including an extension of the ban on starting new “Circular A-76” studies for possibly turning federal jobs over to contractors.

A conference could begin at any time but the bill, along with many if not all of the other regular spending bills, could be pushed off until after the elections.

## Open Season: FEHB Rates Announcement Coming

September 5, 2018

Fedweek

Rates and coverage terms for the FEHB and FEDVIP programs typically are released in September in advance of the annual federal benefits open season, which this year will run November 12-December 10.

In recent years the enrollee share of premiums has increased in the 6-7 percent range but there typically are substantial differences among plans, with some increases much larger while others remain flat or decrease slightly.

During open season, active employees (but not retirees) may enroll in the FEHB if not already enrolled, and those already enrolled, including retirees, may change plans or change types of coverage—for example, between self-only and family coverage. Both employees and retirees further may newly enroll or change existing enrollments in the FEDVIP vision-dental insurance program.

The “call letter” OPM sent to FEHB carriers early in the year—kicking off the annual negotiations that end with the rate and premiums announcement—once again emphasized controlling prescription drug costs and encouraging participation in wellness programs. It also invited plans to propose new incentives for enrollees to use lower-cost care options.

Separately, as part of the budget proposal, the administration proposed varying the government’s contribution toward premiums depending on a plan’s quality ratings. However, that would require a change in law and Congress has not actively considered that idea.

The FEDVIP program meanwhile experiences few changes in coverage terms year to year. Its premium increases have been in the 2 percent range in recent years.

The open season also is the opportunity for active employees to enroll for a health care account, a dependent care account or both under the flexible spending account program for the 2019 calendar year. Unlike FEHB and FEDVIP, where enrollments continue unless changed, a new enrollment in the FSA program is required each year.