

September 6, 2017

Today's Driving Events

Debt Limit Increase Catches Ride With Harvey Aid: The House is expected to pass a bill today that would provide almost \$8 billion in emergency disaster assistance related to Hurricane Harvey. **While the House will not address the debt limit in its bill, Senate leadership has made clear that it will attach a debt ceiling increase to the aid measure when it arrives in the upper chamber.** Senator John Cornyn (R-TX), the second highest ranking GOP senator and also a representative of the state that has been most impacted by Harvey, said yesterday, "It's imperative that we get that supplemental passed. And [Senate Majority Leader Mitch McConnell (R-KY)] has made the decision to attach the debt limit to that, and I support that." While some House conservatives oppose linking Harvey assistance with a debt limit increase, Treasury Secretary Steven Mnuchin warned over the weekend that given that the current "X-Date" for hitting the debt ceiling is September 29th, it will need to be lifted before any significant supplemental funding can be obligated. Some on Capitol Hill are suggesting that the Senate could send the revised legislative package back to the House for final action as early as this week given concerns that the Federal Emergency Management Agency (FEMA) could run out of funding soon, but it could take until next week before the lower chamber takes action on the package. In any event, we expect the package to go to President Trump for his signature prior to the House leaving Washington for a one-week recess on September 15th. Besides the exact timing of when Congress will send the legislation to President Trump for his signature, there are two other open items worthy of note. First, the Senate may also attach to the Harvey aid package a nearly three-month continuing resolution (CR) to extend current funding levels for the federal government into December along with a debt ceiling increase, although Congress may wait to act on the CR in a separate bill if including it in the disaster relief measure elicits enough opposition from conservatives that could threaten its passage before the end of next week. Second, depending on the impact of Hurricane Irma, which is expected to make landfall at the end of this week, the amount of disaster assistance included in the package may need to be increased. More details on the evolving legislative process regarding the debt limit, FY18 funding, and supplemental disaster aid could become available later today after President Trump meets with the bipartisan leadership of the House and Senate at the White House and Office of Management and Budget (OMB) Director Mick Mulvaney participates in the Senate Republican conference's

weekly policy lunch on Capitol Hill. We will be publishing a Spotlight Report later this morning in which we will discuss in greater detail these fiscal issues as well as the other "must pass" items on Congress's to-do list this month.

DACA Decision Further Strains GOP Unity: Attorney General Jeff Sessions announced yesterday that President Trump will end the Deferred Action for Childhood Arrivals (DACA) program, which had deferred the deportation of approximately 800,000 illegal immigrants who were brought to the United States as children. According to Sessions, the DACA program will end in six months, with the delayed ending set to give Congress the opportunity to pass legislation that will provide legal status for the participants in the program. Trump has already begun putting the onus on Congress to take action, [tweeting early yesterday morning](#), "Congress, get ready to do your job - DACA!" **Trump's decision to end DACA and to push Congress to take action could force Republicans to consider yet another bill that will divide the conference and could result in a backlash from Democrats that will make it even more difficult for Republicans to achieve their legislative priorities.** While it is still unclear if Republicans will actually take up legislation that could extend DACA protections to current recipients, moderate members have already begun calling for action. Chair of the House Republican Conference Rep. Cathy McMorris Rodgers (R-WA), for example, released a statement in favor of extending rights to DACA participants, saying that Congress "must protect" the so-called dreamers, arguing "That principle is fundamental to me." But right wing members of the caucus have stood firm against the program. This argument adds a further wedge within the party, at a time when unity is necessary if there is going to be any hope of passing tax reform. Democrats, on the other hand, are largely united in defense of the program. It is not yet clear what action they will take to protect the dreamers, but they successfully delayed the confirmations of dozens of Trump nominees earlier this year in protest of the Republican healthcare reform legislation. And while hardline Democrats likely will refuse to vote for any legislation that preserves DACA but takes conservative action on another aspect of immigration, others have already indicated that they may be open to negotiations. In this case, there is the possibility that Democrats could agree in December to some funding for Trump's signature wall on the US-Mexico border in exchange for preserving the immigration program, which would likely also remove the threat of a government shutdown.

ACA Stabilization Hearings Begin: Today is the first of [four bipartisan hearings in the Senate Health, Education, Labor, and Pensions \(HELP\) Committee](#) that will examine various proposals for how to stabilize the Affordable Care Act's (ACA) state insurance exchanges for plan year 2018. Five state insurance commissioners are featured at today's hearing and five governors from both parties are set to testify on Thursday. **Despite the chance for the hearing to remain bipartisan and productive, we expect that several Democratic members will choose to remain on the offense and use the event to criticize Republicans for undermining the viability of the exchanges and increasing consumers' costs during their ill-fated repeal and replace attempt this past spring and summer. We also expect**

that a number of Republicans will pour cold water over the stabilization ideas being discussed as insufficient and throwing more money at a fundamentally broken system. It is also important to note that this hearing is driven mostly by the committee's chairman, Senator Lamar Alexander (R-TN), rather than a groundswell of support from Republican committee members. This is because, until recently, his home state of Tennessee had multiple bare counties and large swaths of the state still have only one insurer selling plans, severely limiting consumer choice. We expect that Alexander will unveil legislative text following the hearings next week, with the goal of passing a bill out of the Senate expeditiously so that the House can conceivably consider the legislation before September 27th, which is the deadline for most states to finalize insurer participation and rates for plan year 2018. We are skeptical that the bill will be able to garner enough support to avoid splitting the Senate Republican conference and there is precious little floor time for Senate Majority Leader Mitch McConnell (R-KY) to spend on this bill amidst all of the truly "must pass" items already on this month's agenda. Even if Senate Democrats remain cooperative and Republicans are able to muster a majority of their conference's votes, we do not think that the bill will be taken up in the House (especially given its condensed calendar and other more pressing priorities) due to the even more toxic political dynamics for House Republican leaders and a greater reluctance to split their members on yet another healthcare vote. **We believe that the Trump administration would need to suspend the cost-sharing reduction (CSR) payments in order to catalyze Congress to take bipartisan legislative action to stabilize the ACA exchanges in the near term.**

House

The House will convene at 10:00 a.m. to consider a bill to provide supplemental appropriations for disaster relief related to Hurricane Harvey and a measure to provide for federal regulation on autonomous vehicles under expedited procedures. The House is also expected to begin consideration of several amendments to a measure that provides for FY18 appropriations.

Senate

The Senate will convene at 10:00 a.m. for morning business. The chamber will recess from 12:30 p.m. to 2:15 p.m. for respective weekly party policy lunches.

White House

At 9:00 a.m., President Trump will speak by telephone with Chinese President Xi Jinping. At 11:00 a.m., the president and Vice President Pence will meet with bipartisan leadership of the House and Senate. At 4:05 p.m., Trump will participate in a tax reform event with workers from the energy sector in Bismarck, ND.

Macroeconomic

At 2:00 p.m., the House Ways and Means Committee's Subcommittee on Human Resources will hold a hearing titled "Missing from the Labor Force: Examining Declining Employment among Working-Age Men."

Defense

At 8:00 a.m., *Defense News* will hold a conference titled "Defining the New Military Agenda." [More information here.](#) Expected participants include:

- Rep. Mac Thornberry (R-TX), chairman, House Armed Services Committee
- Rep. Robert Wittman (R-VA)

At 8:00 a.m., IDEEA Inc. will hold its annual ComDef Conference with the theme "Realigning Priorities in an Uncertain Era." [More information here.](#)

At 8:25 a.m., the Center for Strategic and International Studies will hold a discussion titled "How to Organize Military Space." [More information here.](#) Expected participants include:

- Rep. Mike Rogers (R-AL)

Energy

At 10:00 a.m., the House Energy and Commerce Committee's Subcommittee on Energy will hold a hearing titled "Powering America: Reevaluating PURPA's (Public Utility Regulatory Policies Act) Objectives and its Effects on Today's Consumers."

At 10:15 a.m., the House Energy and Commerce Committee's Subcommittee on Oversight and Investigations will hold a hearing titled "EPA Oversight: Unimplemented Inspector General and GAO Recommendations."

At 12:00 p.m., the American Council on Renewable Energy and Bloomberg New Energy Finance will hold a "State of the Industry" webinar titled "Merchant Renewable Power," focusing on opportunities for renewable energy in US merchant markets. [More information here.](#)

Geopolitical

At 10:30 a.m., the Senate Foreign Relations Committee will hold a hearing titled "Priorities and Challenges in the U.S.-Turkey Relationship."

At 11:00 a.m., the Woodrow Wilson Center will hold a conference call briefing titled "Venezuela in Crisis: Policy Options and Prognoses." [More information here.](#)

At 4:00 p.m., the George Washington University Law School will hold a discussion titled "Containing the Fallout from the North Korea Crisis: What Role for U.S. and International Law?" [More information here.](#)

At 6:30 p.m., the Rumi Forum will hold a discussion titled "The Syrian Refugees Crisis: The Need for a Strategy." [More information here.](#)

Healthcare

At 10:00 a.m., the Senate Health, Education, Labor and Pensions Committee will hold a hearing titled "Stabilizing Premiums and Helping Individuals in the Individual Insurance Market for 2018: State Insurance Commissioners." Expected participants include:

- Julie Mix McPeak, commissioner, Tennessee Department of Commerce and Insurance
- Mike Kreidler, commissioner, Washington State Office of the Insurance Commissioner
- Theresa Miller, commissioner, Pennsylvania Insurance Department
- Lori Wing-Heier, director, Alaska Division of Insurance
- John Doak, commissioner, Oklahoma Department of Insurance

At 10:00 a.m., the Senate Homeland Security and Governmental Affairs Committee will hold a hearing titled "The History and Current Reality of the U.S. Health Care System."

At 12:00 p.m., the Cato Institute will hold a discussion titled "The Long-Term Effect of Health Insurance on Near-Elderly Health and Mortality." [More information here.](#)

Judicial

At 5:00 p.m., the American Constitution Society for Law and Policy will hold a conference call briefing titled "The Judiciary in Jeopardy: A Look at Judicial Nominations in the Trump Administration." [More information here.](#) Expected participants include:

- Senator Sheldon Whitehouse (D-RI)

Tech-Media-Telecom

At 10:00 a.m., the Senate Commerce, Science and Transportation Committee will hold a hearing titled "Risk of Waste, Fraud and Abuse in the Federal Communications Commission's Lifeline Program."

At 10:00 a.m., the House Education and the Workforce Committee will hold a hearing titled "The Sharing Economy: Creating Opportunities for Innovation and Flexibility."

Trade

At 9:00 a.m., the US Chamber of Commerce will hold the US-Kuwait Economic Forum. [More information here.](#) Expected participants include:

- Wilbur Ross, secretary, Department of Commerce

Transportation

At 9:00 a.m., Cargo Network Services and Jones Day will hold the second US Air Cargo Industry Affairs Summit. [More information here.](#) Expected participants include:

- Kevin McAleenan, acting commissioner, Customs and Border Protection
- Huban Gowadia, deputy administrator, Transportation Security Administration



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