CAPITAL

June 24, 2013

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General Legislative

The Senate will resume consideration of <u>S. 744</u>, the Border Security, Economic Opportunity, and Immigration Modernization Act on Monday, June 24 following any leader remarks. The time until 5:30 pm will be divided equally between the two Managers or their designees. The filing deadline for all second degree amendments to Senator Pat Leahy's (D-VT) <u>S.A. 1183</u>, as modified by the Corker-Hoeven language regarding border security, is on Monday, June 24 at 4:00 pm. At 5:30 pm, there will be a roll call vote on the motion to invoke cloture on S.A. 1183, as modified.

On Monday, June 24, the House will meet in pro forma session at 11:00 am. On Tuesday, June 25, the House will meet at 12:00 pm for morning hour and 2:00 pm for legislative business, and votes will be postponed until 6:30 pm. Legislation to be considered under suspension of the rules will include: (1) H.R. 2383 – To designate the new Interstate Route 70 bridge over the Mississippi River connecting St. Louis, Missouri, and southwestern Illinois as the "Stan Musial Veterans Memorial Bridge"; (2) H.R. 1092 – To designate the air route traffic control center located in Nashua, New Hampshire as the "Patricia Clark Boston Air Route Traffic Control Center"; and (3) H.R. 2289 – To rename section 219(c) of the Internal Revenue Code of 1986 as the Kay Bailey Hutchison Spousal IRA.

On Wednesday, June 26, and Thursday, June 27, the House will meet at 10:00 am for morning hour and 12:00 pm for legislative business. On Friday, June 28, the House will meet at 9:00 am for legislative business and last votes are expected no later than 3:00 pm. Other legislation on the House calendar for this week are (1) H.R. 1864 – To amend Title 10, United States Code, to require an Inspector General investigation of allegations of retaliatory personnel actions taken in response to making protected communications regarding sexual assault (suspension, with 40 minutes of debate); (2) H.R. 1613 – Outer Continental Shelf Transboundary Hydrocarbon Agreements Authorization Act (subject to a rule); and (3) H.R. 2231 – Offshore Energy and Jobs Act, Rules Committee Print (subject to a rule).

Agriculture and Food

LEGISLATIVE ACTIVITY

• House Farm Bill. Last Thursday, June 20, the House failed to pass its version of the Farm Bill by a vote of 195 to 234. Overall, 171 Republicans voted for the measure and 62 opposed the measure due to concerns that there was still too much spending on farm subsidies and the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps). Among Democrats, only 24 voted in favor of the bill and 172 opposed the bill because of the \$20.5 billion in cuts to SNAP. Some Democrats opposed the bill only after the House passed an amendment that would eliminate the supply management program from the Dairy Security Act (DSA), which was incorporated into the

base text of the Farm Bill. The DSA provided a dairy margin insurance program coupled with a supply management program for farmers.

The rejection of the Farm Bill was a serious blow to House Agriculture Committee leadership, as well as House Speaker John Boehner (R-OH) and Majority Leader Eric Cantor (R-VA) who had all supported the bill. It is likely that the House will not reach an agreement to bring the bill back to the floor before it expires on September 30. This means that Congress may need to pass another extension of the 2008 Farm Bill to ensure that farm and nutrition programs continue. At this time, however, next steps are unclear.

This Week's Hearings:

- Wednesday, June 26: The House Energy & Commerce Subcommittee on Energy and Power will hold a hearing on the Renewable Fuel Standard.
- Thursday, June 27: The House Education and the Workforce Subcommittee on Early Childhood,
 Elementary and Secondary Education will hold a hearing on school meal regulations.

Contact Information

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Budget and Appropriations

LEGISLATIVE ACTIVITY

- Senate Appropriations Committee Membership. On Thursday, June 20, Senate Appropriations Committee Chairwoman Barbara Mikulski (D-MD) announced that Sen. Chris Coons (D-DE) has joined the committee to fill the seat held by the late Sen. Frank Lautenberg (D-NJ). In a statement released last week, the Chairwoman expressed her confidence in the value Sen. Coons will provide to the committee.
- House Appropriations Action. Last week the House Appropriations Subcommittees on Transportation/Housing and Urban Development and Energy and Water approved their FY 2014 spending bills. The bills will be considered by the full committee this week along with a revised report on FY 2014 suballocations.
- Senate Appropriations Action. Last week the Senate Appropriations Committee approved its FY 2014 Military Construction Veterans Affairs and Agriculture spending bills. Prior to the markups, Chairwoman Mikulski released the spending allocations set for each subcommittee. The overall FY 2014 discretionary spending cap is set at \$1.058 trillion, which is \$91 billion more than the \$967 billion cap established in the Budget Control Act of 2011 (P.L. 112-25) and being utilized by the

House Appropriations Committee. A detailed comparison of the subcommittee allocations for both chambers is included below.

FY 2014 Discretionary Spending Allocations [in millions of dollars]

Subcommittee	Senate	House
Agriculture	20,930	19,450
Commerce, Justice, Science	52,272	46,845
Defense	516,624	512,522
Energy and Water Development	34,773	30,426
Financial Services and General Government	23,031	16,966
Homeland Security	39,100	38,993
Interior, Environment	30,100	24,278
Labor, Health and Human Services, Education	164,330	121,797
Legislative Branch	4,350	4,124
Military Construction and Veterans Affairs	74,366	73,320
State, Foreign Operations	44,079	34,103
Transportation, Housing and Urban Development	54,045	44,100
Total discretionary (excluding disaster funding):	1,058,000	966,924

Senate Majority Leader Harry Reid (D-NV) announced last week that he intends to move appropriations bills to the floor, with at least one bill expected to come up in July after the Senate concludes work on the immigration bill.

This Week's FY 2014 Appropriations Markups:

- o Tuesday, June 25: Financial Services and General Government Senate subcommittee markup.
- o Tuesday, June 25: Transportation-Housing Senate subcommittee markup.
- Tuesday, June 25: Energy and Water Senate subcommittee markup.
- Wednesday, June 26: Energy and Water House full committee markup.
- Wednesday, June 26: Transportation-Housing House full committee markup.

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Cybersecurity

LEGISLATIVE BRANCH ACTIVITY

- Cybersecurity Legislation. In the Senate, the committees with jurisdiction over cybersecurity issues continue to work on drafting legislation that will be introduced in the coming weeks, including the Senate Homeland Security and Governmental Affairs Committee, the Senate Commerce, Science, and Transportation Committee, and the Senate Intelligence Committee. Previous efforts to pass cybersecurity legislation in the Senate failed last Congress due to strong opposition from a number of outside groups, including the U.S. Chamber of Commerce. Last week, Treasury Secretary Jack Lew spoke at a private event to the Chamber's Board of Directors calling for companies to keep cybersecurity as a priority on their corporate agendas and asking the Chamber to support legislation that would "incentivize the adoption of best practices and standards for critical infrastructure."
- Data Security Legislation. Last week, Sen. Pat Toomey (R-PA), along with Sens. Angus King (I-ME) and John Thune (R-SD), introduced the Data Security and Breach Notification Act of 2013 (S. 1193) that would create a national data breach standard to replace the 46 separate state standards that currently exist. The bill is identical to the legislation Sen. Toomey introduced last Congress and would require companies to notify consumers promptly via mail, email or phone if their personal information was stolen. The National Cable and Telecommunications Association has also indicated its support of the legislation.

EXECUTIVE BRANCH ACTIVITY

- NIST Workshop. The next Cybersecurity Framework workshop hosted by the National Institute of Standards and Technology (NIST) will occur at the University of Southern California in San Diego on July 10-12. This will be the third out of four total workshops that NIST will host to discuss the voluntary set of cybersecurity standards for owners and operators of critical infrastructure, as directed by the President's Executive Order in February.
- Department of Energy Cybersecurity Council. The U.S. Department of Energy announced last week that it has created a new cybersecurity council that includes representation from the Office of Electricity Delivery and Energy Reliability, the Office of Intelligence, the Office of the Chief Information Officer, and the National Nuclear Security Administration. The council will be working on formulating best practices for cybersecurity in the energy sector that will include ways to protect the electric grid, nuclear stockpiles, and oil and gas facilities.

• DHS Inspector General Report. Last week, the Department of Homeland Security (DHS) Inspector General released a report detailing the Department's lack of a strategic plan for assisting federal agencies to be in compliance with the Federal Information Security Management Act (FISMA). The report noted that the Office of Cybersecurity and Communications' Federal Network Resilience unit has yet to identify and develop medium- and long-term cybersecurity goals for federal agencies to meet in order to ensure that all federal networks are secure. DHS will be working in the coming months to address concerns outlined in the report and will be drafting an updated strategic implementation plan to incorporate new priorities after a number of key managers left the Office of Cybersecurity and Communications this past year.

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Defense

LEGISLATIVE BRANCH ACTIVITY

- National Defense Authorization Act (NDAA). The Senate Armed Services Committee filed its bill,
 S. 1197, on Thursday, June 20. Chairman Carl Levin (D-MI) and Ranking Member James Inhofe (R-OK) would like to bring the bill to the Senate floor in July, but that remains uncertain at this time.
- **Defense Appropriations.** Last week, the Senate Appropriations Committee marked up and passed its \$10.7 billion Military Construction-Veterans Affairs bill. Sen. Chris Coons (D-DE) took the Senate Appropriations Committee spot left vacant with the death of Sen. Frank Lautenberg (D-NJ). The Senator's Subcommittee assignments have yet-to-be-determined.
- Security Clearances. A Senate Subcommittee hearing last week explored the government's effectiveness in overseeing its security clearances, which comes on the heels of classified information leaks of the NSA surveillance program by a government contractor, Edward Snowden. Sen. Bill Nelson (D-FL) reportedly wrote a letter to Senate Intelligence Committee Chair Dianne Feinstein (D-CA) requesting the committee investigate "how private contractors are managing the hiring and monitoring of employees who have top secret clearance from the government and who handle highly classified information."
- Syria. Last week, Russian Foreign Minister Sergei Lavrov said Russia would deliver the contractually obligated S-300 surface-to-air missiles to the Syrian regime. Two Russian warships are also reportedly headed to the waters off of Syria. Meanwhile, Members of Congress are increasingly voicing opposition to lethal U.S. action in Syria.

- Afghanistan. Last week, security in Afghanistan formally transitioned from the U.S.-led NATO Coalition to Afghan security forces. The Department of Defense continues to receive Congressional scrutiny over its decision to purchase Mi-17 Hind helicopters from Russia's Rosoboronexport for the Afghan military. A leaked draft audit by the Special Inspector General for Afghanistan Reconstruction last week revealed the Afghan unit that is slated to take possession of the 30 new Hind helicopters will be unable to operate the aircraft due to personnel shortages and training and expertise issues. Rep. Rosa DeLauro (D-CT) reportedly said the Pentagon "blatantly ignored the will of Congress" in signing the latest contract. She further called for the contract to be cancelled immediately.
- Russia. House Armed Services Committee Chair Howard McKeon (R-CA) said of President Obama's speech last week in Berlin, Germany: "The President's desire to negotiate a new round of arms control with the Russians, while Russia is cheating on a major existing nuclear arms control treaty, strains credulity." Last week, the White House released a number of fact sheets related to Russia: (1) on the U.S. Nuclear Weapons Employment Strategy, available here; (2) on the signing of a new U.S.-Russian Federation bilateral framework on threat reduction, available <a href=here; and (3) on the establishment of a new working group to handle information and communications technologies threats, available <a href=here.

This Week's Hearings:

 Wednesday, June 26: The House Transportation and Infrastructure Subcommittee on Coast Guard and Maritime Transportation will hold a <u>hearing</u> on "Coast Guard Readiness: Examining Cutter, Aircraft and Communication Needs."

REGULATORY ACTIVITY

- Register on Friday, June 21 removes the dollar limitation on set-asides to economically disadvantaged women-owned small businesses (EDWOSBs) and to women-owned small businesses (WOSBs) eligible under the Small Business Administration's Women-owned Small Business Program. The dollar limitation, including options, was \$6.5 million or less for acquisitions in the manufacturing industries, and \$4 million or less for all other acquisitions. As a result of this rule, contracting officers may now set aside acquisitions restricted to EDWOSBs or WOSBs eligible under the WOSB Program at any dollar level above the micro-purchase threshold, provided the other requirements for a set-aside under the WOSB Program are met. The Interim Rule is FAR Case 2013-010.
- Private Security Final Rule. The Department of Defense, the General Service Administration and NASA are issuing a Final Rule amending the Federal Acquisition Regulation (FAR) to establish minimum processes and requirements for the selection, accountability, training, equipping, and conduct of personnel performing private security functions outside the United States. The Final Rule, effective July 22 sets forth the applicability, pertinent definitions, underlying policy, and a clause to implement minimum processes and requirements for personnel performing private security functions in designated areas outside the United States (i.e., in combat operations, during certain contingency)

operations, or in an area of other significant military operations as appropriately designated). The new requirements are found at FAR Part 25.3 in newly-added sections 25.302 through 25.302-6.

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Education

LEGISLATIVE ACTIVITY

- Student Loan Reform. Senators continue to work on a bipartisan deal to address federally subsidized student loan interest rates, which expire July 1. The long-term deal, which is expected to (1) peg the rates to the 10-year Treasury bill, (2) include a consolidated rate cap something Democrats have called "non-negotiable," and (3) lock in the initial rate for the life of the loan, represents a compromise between the White House, Senate Republicans, and Senate Democrats. With the Senate scheduled to recess the week of July 1, the chamber is expected to vote on the measure this week, as it faces pressure from House Republican leaders who passed their bill May 23. As such, House Education and the Workforce Committee Chairman John Kline (R-MN) delivered the weekly Republican address on Saturday, June 22 to urge President Obama and Senate Democrats to take action on a permanent fix to the student loan interest rate problem. After the chamber's failure to pass legislation reauthorizing farm programs, it is still uncertain whether House Republicans will agree to the compromise, despite the Congressional Budget Office having scored the proposal to save \$8.6 billion over 10 years.
- ESEA Reauthorization. With the House Education and the Workforce Committee having advanced its overhaul of No Child Left Behind last week, the chamber is likely to see floor action on the measure in the coming weeks. The Senate Health, Education, Labor and Pensions (HELP) Committee's Chairman and Ranking Member have committed to advancing a very different Senate measure so that a compromise can be reached through conference negotiation. However, a timetable for consideration on the Senate floor has yet to be established, and with the Administration offering a new round of ESEA flexibility last week, it is hardly pressuring Congress for a rewrite.

This Week's Hearings:

- Tuesday, June 25: The Senate Banking, Housing and Urban Affairs Committee will hold a hearing concerning the regulatory perspective of private student loans.
- Thursday, June 27: The House Education and the Workforce Committee's Subcommittee on Early Childhood, Elementary and Secondary Education will hold a hearing titled "School Meal Regulations: Discussing the Costs and Consequences for Schools and Students."

Wednesday, June 26 – Friday, June 28: The U.S. Department of State's Bureau of Educational and Cultural Affairs will host the fourth annual EducationUSA Forum in Washington, D.C. College and university officials will have the opportunity to meet with State Department officials and EducationUSA regional experts to discuss strategies for helping international students study in the United States and for U.S. students to study abroad.

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Energy

LEGISLATIVE ACTIVITY

- This Week's Hearings:
 - Tuesday, June 25: A Senate Energy and Natural Resources Subcommittee will consider pending energy efficiency legislation.
 - Wednesday, June 26: A House Natural Resources Subcommittee will hold a hearing on "The Power Marketing Administrations: A Ratepayer Perspective."

REGULATORY ACTIVITY

- Hydraulic Fracturing. According to a senior EPA official, the federal research study on the potential impacts of hydraulic fracturing (HF) activities on drinking water resources is not expected to be completed until 2016. A preliminary report may be released in late 2014.
- Methane Hydrates. The Methane Hydrate Advisory Committee will meet on July 16 at the Department of Energy.
- GOM Lease Sale 227. The Bureau of Ocean Energy Management has extended the post-sale evaluation period for bids received in the Central Gulf of Mexico Planning Area Lease Sale 227 through July 18.
- **FERC.** The Federal Energy Regulatory Commission will host a technical conference on centralized capacity markets in Regional Transmission Organizations and Independent System Operators on September 25.
- Manufacturing. Comments on the National Institute of Standards and Technology's proposal to create new "Manufacturing Technology Acceleration Centers" are due by July 22. The centers are intended to address challenges encountered by small and mid-sized manufacturers in the integration,

adoption, transitioning, and commercialization of existing and emerging product and process technologies into their operations.

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Environment

LEGISLATIVE ACTIVITY

• Greenhouse Gas Emissions. The National Academies of Sciences (NAS) has released its report titled "Effects of U.S. Tax Policy on Greenhouse Gas Emissions." Congress had charged NAS with conducting a comprehensive review of the Internal Revenue Code to identify the types of and specific tax provisions that have the largest effects on carbon and other greenhouse gas (GHGs) emissions and to estimate the magnitude of those effects. The study examines the effects of taxes on GHGs in each of the following areas: Production Tax Credits for Renewable Electricity, Oil and Gas Depletion Allowances, Home Energy-Efficient Improvement Credits, Nuclear Decommissioning Tax Preference, Highway Motor Fuels Taxes, Aviation Fuel Taxes, Biofuels Provisions, Accelerated Depreciation, Owner-occupied Housing Provisions and related topics. The report includes a summary of findings and recommendations regarding the use of tax policy to address climate change. Results of the NAS findings can be accessed here.

This Week's Hearings:

- Tuesday, June 25: The Senate Energy and Natural Resources Committee will hold a full committee hearing concerning the challenges and opportunities for improving forest management on federal lands.
- Tuesday, June 25: The Senate Energy and Natural Resources Committee, Subcommittee on Energy, will hold a hearing to consider two energy efficiency bills: <u>S.1084</u>, which would name the Office of Energy and Renewable Energy as the lead office to disseminate information on federal programs that may be used to initiate, develop and finance energy efficiency, renewable energy, and energy retrofitting projects for schools; and <u>S. 717</u>, which would direct the Secretary of Energy to establish a pilot program to award grants to nonprofit organizations for the purpose of retrofitting nonprofit buildings with energy-efficiency improvements.
- Wednesday, June 26: The House Energy and Commerce Committee, Subcommittee on Energy and Power, will hold an oversight hearing titled "Overview of the Renewable Fuel Standard: Government Perspectives."

- Thursday, June 27: The House Natural Resources Committee, Subcommittee on Public Lands and Environmental Regulation, will hold an oversight hearing concerning outdoor recreation opportunities on state, local and federal land.
- Thursday, June 27: The House Science, Space and Technology Committee will hold a Subcommittee on Oversight and Subcommittee on Energy joint hearing concerning green buildings and energy savings performance contracts.

REGULATORY ACTIVITY

- Municipal Solid Waste Landfills. The U.S. Environmental Protection Agency (EPA) is inviting small businesses, governments and not-for-profit organizations to participate in a panel that will focus on the agency's review of its New Source Performance Standards (NSPS) for municipal solid waste landfills. Municipal solid waste landfills are disposal facilities in or on land for household waste. These landfills may receive certain other types of waste, such as non-hazardous sludge and commercial solid waste. Emissions from municipal solid waste landfills occur from decomposition of wastes. EPA is under a court-ordered deadline to complete its review and propose how to address the results of that review by February 4, 2014 and to take final action by December 17, 2014. Details regarding self-nominations can be found here. Nominations must be received by July 5.
- Drinking Water State Revolving Fund. The EPA has announced revised Drinking Water State Revolving Fund (DWSRF) allotments that will be provided to the States, the District of Columbia, Puerto Rico, U.S. Territories, American Indian Tribes and Alaska Native Villages if the President's budget request for FY 2014 is enacted. These allotments reflect the results from EPA's most recent Drinking Water Infrastructure Needs Survey and Assessment which was released on June 3. The revised State allotment percentages will be the basis for distributing the DWSRF program appropriations to the States for the four years from FY 2014 through FY 2017. For a breakdown of state allocations click here.

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Financial Services

LEGISLATIVE ACTIVITY

Administration Nominations to be Considered this Week. On Thursday, June 27, the Senate Banking Committee will hold a hearing to consider several of President Obama's nominations, including Rep. Mel Watt (D-NC) to be Director of the Federal Housing Finance Agency (FHFA); Kara Stein and Mike Piwowar to be Commissioners at the Securities and Exchange Commission; Jason Furman to Chairman of the Council of Economic Advisers; and Richard Metsger to be a Member of

the National Credit Union Administration Board. It remains unclear if Republicans will block a vote on Rep. Watt's nomination when it reaches the Senate floor, but Sen. Bob Corker (R-TN) has raised objections to the nomination, arguing that the FHFA Director position "is a job for a technocrat not a politician."

- House To Consider Legislation Setting CFTC Budget. This week, the House will consider appropriations legislation that would set the Commodity Futures Trading Commission's (CFTC) FY 2014 budget at \$194.6 million. This level of funding is considerably below the Administration's budget request of \$315 million. The legislation was approved by the House Appropriations Committee, requiring \$35.5 million of the total budget to go toward technology development. The legislation also states that the CFTC should report to Congress on the implementation schedule and cost-benefit studies for certain regulations, including the CFTC's cross-border guidance and rules on position limits.
- House Committee Marks Up Series of Dodd-Frank Modification Bills. On Wednesday, June 19, the House Financial Services Committee held a markup hearing to consider <u>H.R. 1564</u>, the Audit Integrity and Job Protection Act; <u>H.R. 1105</u>, the Small Business Capital Access and Job Preservation Act; <u>H.R. 1135</u>, the Burdensome Data Collection Relief Act; and <u>H.R. 2374</u>, the Retail Investor Protection Act. All measures were reported favorably to the House.

This Week's Hearings:

- Tuesday, June 25: The Senate Banking Committee will hold a hearing titled "Private Student Loans: Regulatory Perspectives."
- Wednesday, June 26: The House Financial Services Committee will hold a hearing on "Too Big to Fail" banks and their treatment by the Federal Reserve Bank. The hearing is titled "Examining How the Dodd-Frank Act Could Result in More Taxpayer-Funded Bailouts."
- Wednesday, June 26: The House Financial Services Housing and Insurance Subcommittee will hold a hearing to examine the Department of Housing and Urban Development's Moving-to-Work program. The hearing is titled "Evaluating How HUD's Moving-to-Work Program Benefits Public and Assisted Housing Residents."
- Thursday, June 27: The Senate Banking Committee will hold a hearing to consider several of President Obama's nominations.

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Health Care

LEGISLATIVE ACTIVITY

• Full Time Employee Bill. Sen. Susan Collins (R-ME) and Sen. Joe Donnelly (R-IN) introduced a bill that would change the Affordable Care Act's (ACA) definition of a full-time worker to someone who works 40 hours a week, up from 30 hours, titled the "Forty Hours is Full Time Act of 2013." The Senators also sent a letter to President Obama expressing concern about the definition of a full-time employee in the ACA.

This Week's Hearings:

- Monday, June 24: The Senate Committee on Homeland Security and Government Affairs will hold a hearing on "Curbing Prescription Drug Abuse in Medicare."
- Tuesday, June 25: The Senate Finance Committee will hold a hearing on "Program Integrity:
 Oversight of Recovery Audit Contractors."
- Wednesday, June 26: The House Committee on Energy and Commerce Subcommittee on Health has scheduled a hearing on "A 21st Century Medicare: Bipartisan Proposals to Redesign the Program's Outdated Benefit Structure."
- Wednesday, June 26: The House Committee on Energy and Commerce Subcommittee on Oversight and Investigations will hold a hearing on "Challenges Facing America's Businesses Under the Patient Protection and Affordable Care Act."
- Wednesday, June 26: The Senate Finance Committee will hold a hearing on "Health Care Quality: The Path Forward."
- Thursday, June 27: The House Committee on Small Business Subcommittee on Health and Technology will hold a hearing on "Mobile Medical App Entrepreneurs: Changing the Face of Health Care."
- Thursday, June 27: The House Committee on Veterans' Affairs will hold a hearing on "Assessing VA's Capital Investment Options to Provide Veterans' Care."

EXECUTIVE BRANCH ACTIVITY

State Applications for Health Coverage. The Centers for Medicare and Medicaid (CMS) released guidance on state alternative applications for health coverage, following the April 30 release of the model single, streamlined application for coverage through the new Health Insurance Marketplace and insurance affordability programs. Beginning October 1, the Marketplace, which includes the Exchanges, Medicaid and CHIP, will use either the model or state alternative application to determine eligibility for enrollment in Qualified Health Plans (QHPs), premium tax credits and cost-sharing reductions.

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Homeland Security

LEGISLATIVE ACTIVITY

- Budget and Appropriations. The House approved its version of FY 2014 Homeland Security appropriations on June 6, but the Senate is just beginning the appropriations process. Senate Appropriations Committee Chair Barbara Mikulski (D-MD) has announced that the Homeland Security Subcommittee 302(b) allocation for FY 2014 will be \$39.1 billion (plus \$227 billion for war costs and \$5.6 billion in disaster funding), which is \$200 million more than the House version (H.R. 2217). The draft schedule being circulated in the Senate has tentatively set the subcommittee markup of the homeland security spending bill on July 16, with the full committee marking up the bill on July 18.
- Immigration and Border Security. The Senate is debating the Border Security, Economic Opportunity, and Immigration Modernization Act (S. 744) for up to three weeks, with senators already offering hundreds of amendments. The Senate rejected Sen. John Cornyn's (R-TX) strict border security amendment, but other senators are crafting more border security amendments to gain the necessary Republican votes for passage. The House bipartisan Gang of Seven announced its plans to complete drafting and release its bill this week, but many remain skeptical that it will produce comprehensive legislation. House Judiciary Chairman Robert Goodlatte (R-VA) continues to mark up piecemeal bills, including Immigration and Border Security Subcommittee Chairman Trey Gowdy's (R-SC) SAFE Act (H.R. 2278), which would increase interior enforcement.
- Power Grid Protection. Rep. Trent Franks (R-AZ) has enlisted former House Speaker Newt Gingrich and former Vice Presidential Chief of Staff Scooter Libby to support the introduction of his bill to protect U.S. power grids from electromagnetic attacks, after similar legislation died in the House in 2012. Rep. Franks, who co-chairs the small Electromagnetic Pulse Caucus, says his legislation would require the Federal Energy Regulatory Commission (FERC) and electric companies to develop rapid-response standards and build hardware solutions to the potential threat of electromagnetic pulses.

This Week's Hearings:

- Tuesday, June 25: The House Homeland Security Subcommittee on Emergency Management, intergovernmental Relations, and the District of Columbia will hold a hearing on "Are We Prepared? Measuring the Impact of Preparedness Grants Since 9/11."
- To Be Determined: The House Appropriations Subcommittee on Homeland Security has announced that it will reschedule the March 6 hearing on FY 2014 appropriations for U.S. Customs and Border Protection.

EXECUTIVE BRANCH ACTIVITY

• ICE Director Steps Down. In the middle of Congress' debate over comprehensive immigration reform, Immigration and Customs Enforcement Director John Morton announced his resignation after four years. Given Republican opposition to some of his policies, including instituting prosecutorial discretion to focus on deporting only the most dangerous undocumented immigrants, the Obama administration may face a confirmation battle as it pushes Congress to overhaul the nation's immigration system.

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Immigration

LEGISLATIVE ACTIVITY

- Senate. This week Majority Leader Harry Reid (D-NV) is expected to conclude the debate and amendment process on the Border Security, Economic Opportunity, and Immigration Modernization Act (S. 744) and bring the bill to a final vote on the Senate floor before Congress departs for the Fourth of July recess. Cloture votes are expected early in the week on the border security amendment authored by Sens. Bob Corker (R-TN) and John Hoeven (R-SD), a substitute offered by Judiciary Committee Chairman Patrick Leahy (D-VT), and the final bill. The four amendments that were pending at the end of last week Leahy S.A. 1183 (performing arts visas); Boxer S.A. 1240 (National Guard /Coast Guard training programs); Cruz S.A. 1320 (border security requirements); and Reed S.A. 1224 (physical present requirements) will receive a floor vote this week if they are deemed germane to the bill. As a result of the Corker-Hoeven amendment, the Gang of Eight now expects up to 15 Republicans to vote in favor of the bill, pushing the supporting total closer to a 70-vote supermajority that would pressure the House to adopt the measure.
- House of Representatives. Over the last few weeks, House Speaker John Boehner (R-OH) has made it clear that the bipartisan Senate bill is dead on arrival in the House. Even with passage of the Corker-Hoeven amendment, his position may not change as many House Republicans do not see a political benefit in their districts to supporting a vote for a comprehensive bill. Moreover, the Speaker has stated that the House will not pass any bill that does not garner a majority of votes in the Republican conference. The bipartisan Gang of Seven continues to draft its final language. Observers remain skeptical that it will produce a bill in time, as the House Judiciary Committee continues to mark up piecemeal immigration bills. It is possible that sections from the draft bipartisan bill could be offered as amendments to the piecemeal bills in committee or eventually on the floor. This week the committee will mark up Republican-sponsored E-Verify and high-skilled immigrant bills. Both are expected to pass on party-line votes.

This Week's Hearings:

- To Be Announced: This week the House Judiciary Committee will mark up the Supporting Knowledge-based Immigrants & Lifting Levels of STEM Visas Act (SKILLS Act, <u>H.R. 2131</u>), introduced by Rep. Darrell Issa (R-CA) and co-sponsored by Chairman Robert Goodlatte (R-VA).
- To Be Announced: This week the House Judiciary Committee will mark up the Legal Workforce Act (H.R. 1772), which addresses E-Verify and was introduced by Rep. Lamar Smith (R-TX).

Contact Information

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International

EXECUTIVE AND LEGISLATIVE BRANCH ACTIVITY

- Syria. Leaders at the G-8 Summit last week reiterated their support for a political solution to the Syrian civil war and for the transitional government plan agreed to last year in Geneva. The G-8 Leaders Communiqué condemned the use of chemical weapons in Syria, but it did not identify the perpetrators as the Syrian regime. On Thursday, June 20, World Refugee Day, the United Nations characterized Syria as the "worst humanitarian disaster" since the Cold War. Secretary of State John Kerry announced the State Department is nearly doubling the U.S. contribution to the U.N. High Commissioner for Refugees, and President Obama announced an additional \$300 million in Syrian humanitarian assistance. This new funding brings the total U.S. contribution to the Syrian civil war to \$815 million. Meanwhile, Russian Foreign Minister Sergei Lavrov announced that Russia would deliver the contractually obligated S-300 surface-to-air missiles to the Syrian regime. Two Russian warships are also reportedly headed to the waters off of Syria. Iran has reportedly intervened to stabilize the value of Syria's currency after the United States agreed to provide lethal, small arms to the Syrian rebels. At the same time, many members of Congress are increasingly voicing opposition to lethal U.S. action in Syria.
- Afghanistan. Last week, the U.S.-led NATO Coalition formally transitioned its security role to Afghan security forces. Also last week, the Taliban opened an office in Qatar and the United States announced that talks would proceed with the Taliban about the security situation in Afghanistan post-NATO withdrawal in 2014. However, Afghan President Hamid Karzai withdrew his delegation from the announced talks because he objected to the Taliban's attempt to confer diplomatic legitimacy by calling its new Doha office "The Islamic Emirate of Afghanistan." Secretary Kerry reiterated to President Karzai that the United States does not recognize the name "Islamic Emirate of Afghanistan" and noted the Government of Qatar had taken steps to ensure the Taliban's office is in compliance with the conditions established by the government for its operations. The United States continues to

- work with the Afghan Government and its High Peace Council to determine next steps to establishing the reconciliation talks with the Taliban.
- Iran. On Saturday, June 15, the White House responded to the election of Iranian President-elect Hassan Rohani by stating: "The United States remains ready to engage the Iranian government directly in order to reach a diplomatic solution that will fully address the international community's concerns about Iran's nuclear program." A possible resumption of the P5+1 Talks, however, may not occur until President-elect Rohani takes office in August.
- Fresident Obama's Travel. From Wednesday, June 26 to July 3, President Obama and the First Family are traveling to Senegal, South Africa, and Tanzania to reinforce U.S. ties with sub-Saharan Africa. In Senegal, the President will meet with President Macky Sall to address joint counterterrorism efforts with African nations. President Obama will meet with South Africa's President Jacob Zuma to discuss bilateral trade, the renewal of the expiring (2015) African Growth & Opportunity Act (AGOA), and South Africa's regional leadership role. It is also anticipated that President Obama's trip to South Africa may include a meeting with former president Nelson Mandela. In Tanzania, President Obama will meet with President Jakaya Mrisho Kikwete.
- Secretary Kerry's Travel. From Friday, June 21 to July 2, Secretary Kerry is traveling to Qatar, India, Saudi Arabia, Kuwait, Jordan, Israel, and Brunei. In Doha, the Secretary met with Qatari officials to discuss bilateral issues and the conflict in Syria. In New Delhi, India, Secretary Kerry will chair the fourth annual U.S.-India Strategic Dialogue. The Secretary will also open the second annual U.S.-India Higher Education Dialogue. On Tuesday, June 25, Secretary Kerry will participate in meetings with Saudi officials in Jeddah. On Thursday, June 27 Saturday, June 29, the Secretary will travel to Amman, Jordan, and Jerusalem, Israel, to meet with Jordanian, Israeli and Palestinian Authority officials on advancing Middle East peace. Secretary Kerry concludes his travel in Bandar Seri Begawan, Brunei, participating in a series of regional conferences, including: (1) the ASEAN-U.S. Ministerial; (2) Lower Mekong Initiative Ministerial; (3) the Friends of the Lower Mekong Ministerial Meeting; (4) the 20th ASEAN Regional Forum; and (5) the 3rd East Asia Summit Foreign Ministers' Meeting. The Secretary will also hold bilateral meetings with Bruneian officials, including the Sultan of Brunei.
- Trade. Last Wednesday, June 19, the Senate confirmed Michael Froman as the next U.S. Trade Representative in a 93-4 vote. Last Thursday, June 20, the White House released its 2013 Joint Strategic Plan on Intellectual Property Enforcement, available here. Looking ahead on a separate trade matter, the United States is expected to spotlight those countries that subsidize their steel production at the July 1-2 meeting of the steel committee in the Organization for Economic Cooperation and Development (OECD).
- At last week's G-8 Summit in Northern Ireland, the Transatlantic Trade and Investment Partnership (TTIP) was formally announced. The EU also issued its formal Mandate for TTIP, which includes financial services, but not audio-visual services. The first round of TTIP negotiations will be held in Washington, D.C. the week of July 8.

One of two new intersessional meetings occurred last week in advance of the 18th round of negotiations for the Trans-Pacific Partnership (TPP) in Malaysia (July 15-25). The cross-border trade in services negotiating group met in Ho Chi Mihn City, Vietnam. The rules of origin negotiating group will meet this week (Sunday, June 23 – Saturday, June 29) in San Francisco.

- Trafficking in Persons Report. Last Thursday, June 20, Secretary of State John Kerry released the annual 2013 Trafficking in Persons Report. The Secretary reaffirmed the United States commitment to helping countries prosecute traffickers and strengthen the rule of law in order to prevent the corruption of global supply chains.
- Korea. On Thursday, June 20, House Foreign Affairs Committee Chair Ed Royce (R-CA) introduced legislation (H.R. 2449) to extend for two years the current U.S.-South Korea civilian nuclear energy cooperation agreement, which expires in March 2014.
- Turkey. After weeks of protests in Turkey, this week, the House Foreign Affairs Subcommittee on Europe, Eurasia and Emerging Threats will hold a hearing on the demonstrations. (See This Week's Hearings below for specifics)
- Brazil. Last week, more than a million people in Brazil protested against increased transport fare
 costs and corruption allegations and costs surrounding preparations for next year's World Cup. The
 State Department acknowledged it is monitoring the events in Brazil.
- Appointments & Nominations. On Tuesday, June 18, Secretary Kerry announced former Wisconsin Democratic Senator Russ Feingold will serve as the U.S. Special Envoy to the Great Lakes Region of Africa. Former Sen. Feingold previously chaired the Senate Foreign Relations Subcommittee on Africa when Secretary Kerry was the Chairman of the full Committee.

On Friday, June 21, President Obama announced Caroline Atkinson would succeed Michael Froman as the Deputy Assistant to the President and Deputy National Security Advisor for International Economics. Michael Froman was sworn in last week as the new U.S. Trade Representative.

Last week, President Obama also announced his intention to nominate the following individuals: James Comey to be the Director of the Federal Bureau of Investigations; Linda Thomas-Greenfield to be Assistant Secretary of State for African Affairs; Reuben Brigety, II, to be the U.S. Representative to the African Union; Jon Rymer to be the Inspector General at the Department of Defense; and the following to be U.S. Ambassadors: Denise Bauer (Belgium); John Berry (Australia); James Brewster, Jr. (Dominican Republic); Dan Clune (Laos); David Hale (Lebanon); Michael Hammer (Chile); Terence McCulley (Cote d'Ivoire); Brian Nichols (Peru); and David Pearce (Greece).

This Week's Hearings:

Tuesday, June 25: The Senate Foreign Affairs Committee will hold a hearing to review: (1) S. 718, Increasing American Jobs Through Greater Exports to Africa Act of 2013, (2) S. 559, Justice for Former American Hostages in Iran Act of 2013, (3) S. Res. 144, concerning the Democratic Republic of the Congo, (4) S. Res. 167, reaffirming U.S. support for the peaceful resolution of Asia-Pacific maritime disputes, (5) S. Res. 165, calling for the release from prison of former Prime

- Minister of Ukraine Yulia Tymoshenko, and (6) <u>S. Res. 166</u>, commemorating the 50th anniversary of the founding of the Organization of African Unity and its successor, the African Union.
- Tuesday, June 25: The House Foreign Affairs Subcommittees on Global Human Rights and the Middle East and North Africa will hold a joint <u>hearing</u> on "Religious Minorities in Syria."
- Wednesday, June 26: The House Foreign Affairs Subcommittee on Europe, Eurasia and Emerging Threats will hold a <u>hearing</u> on "Turkey at a Crossroads: What do the Gezi Park Protests Mean for Democracy in the Region?"
- Wednesday, June 26: The House Foreign Affairs Committee will hold a <u>hearing</u> on the "Broadcasting Board of Governors: An Agency 'Defunct'."

Contact Information

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Tax

LEGISLATIVE ACTIVITY

Senate Tax Writing Committee Continues Meetings on Reform. The Senate Finance Committee has continued its series of closed-door Committee meetings on tax reform, recently issuing its tenth and final option paper on non-income tax issues and related reforms. The most recent paper is available here. A list of all the option papers published is available <a href=here.

Senate Finance Committee Chairman Max Baucus (D-MT) has indicated that he and Ranking Member Orrin Hatch (R-UT) intend to meet this week to discuss the next steps for tax reform.

- This Week's Hearings:
 - Thursday, June 27: The House Committee on Ways and Means will hold a hearing entitled "Status of Internal Revenue Service's Review of Taxpayer Targeting Practices."

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Technology and Communications

LEGISLATIVE AND REGULATORY ACTIVITY

- Privacy. The World Wide Consortium (W3C), which has led the multistakeholder effort to establish a universal Do Not Track (DNT) standard, will reach its last call deadline next Monday, July 1. In an email to members of the working group last week, W3C co-chairs Peter Swire and Matthias Schunter pledged to complete a proposal before the Monday, July 1 deadline, even if the group must extend the length of their regular meetings or schedule additional calls. In particular, the co-chairs mentioned that the group must still resolve the issue of deidentification.
- Spectrum Sharing. In a Friday, June 14 Presidential Memorandum, federal agencies and offices were directed to accelerate their efforts to facilitate spectrum in order to increase the amount of spectrum available for wireless broadband. The memorandum contained a number of steps to accelerate spectrum sharing, including: establishing a Spectrum Policy Team that will work with the National Telecommunications and Information Administration (NTIA) and the Federal Communications Commission (FCC) to implement the memorandum; directing NTIA to continue facilitating discussions on spectrum sharing between government and non-government entities; and requiring NTIA to include in its next interim report a plan that directs federal agencies to quantify their actual use of spectrum in bands previously identified as having the greatest potential for spectrum sharing with commercial users. The Memorandum strongly encourages the FCC, in collaboration with NTIA, to expedite the repurposing of spectrum and to enable innovative commercial use of spectrum as rapidly as possible.
- Spectrum Hearing. Sources confirm that the House Energy & Commerce Committee will hold a hearing on Thursday, June 27 to discuss potential private sector use of federal spectrum. A formal announcement, including an agenda and list of speakers, should be available soon.
- Disability Access. The FCC announced comment deadlines for its Notice of Proposed Rulemaking (NPRM) proposing rules to implement Sections 204 and 205 of the Twenty-First Century Communications and Video Accessibility Act (CVAA), which require that user interfaces on digital apparatus and navigation devices used to view video programming be accessible to and usable by individuals who are blind or visually impaired. The NPRM seeks comments on a number of issues, including whether to interpret Section 205 to apply to navigation devices supplied by multichannel video program distributors (MVPDs). Comments and reply comments are due by July 15 and August 7, respectively.
- Contraband Wireless Devices in Jails. The FCC seeks comment on the use of technological solutions (such as managed access, detection, and radio signal jamming) to curtail the use of contraband wireless devices in correctional facilities. Comments and reply comments are due by July 18 and August 2, respectively.
- FCC Chairman Nominee Wheeler Hearing. On Tuesday, June 18, the Senate Commerce
 Committee conducted a nominating hearing during which FCC Chairman nominee Tom Wheeler
 stated his chairmanship would be guided by three policies: consumer protection, competition and

predictability. Specific questions from Committee members solicited Wheeler's views on merger review, Universal Service Fund (USF) reform, E-rate modernization, federal spectrum sharing, incentive auction rules, retransmission consent, and net neutrality. Michael O'Rielly, an aide to Sen. John Cornyn (R-TX), is the current front-runner for the FCC Commissioner seat vacated by Republican Commissioner Robert McDowell.

This Week's Hearings:

- Wednesday, June 26: The Senate Committee on Commerce, Science, and Transportation will hold a hearing titled "From the Lab Bench to the Courtroom: Advancing the Science and Standards of Forensics."
- Wednesday, June 26 Thursday, June 27: The First Responder Network Authority (FirstNet) will hold a Regional Consultation Workshop in Memphis, TN.
- Thursday, June 27: The FCC will hold an Open Meeting.
- o Thursday, June 27: The House Energy & Commerce Committee will hold a spectrum hearing.

Contact Information

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Transportation and Infrastructure

LEGISLATIVE ACTIVITY

- House Appropriations Action. Last week the House Appropriations Subcommittee on Transportation/Housing and Urban Development approved its spending bill for FY 2014. The bill provides \$44.1 billion (\$13.9 billion less than the President requested) and reflects the automatic spending cuts required under sequestration. Although the bill largely protects core funding for surface transportation programs authorized in MAP-21 (P.L. 112-141), the subcommittee proposes no funding for the TIGER grant program in FY 2014 and even calls for the recession of half the funding the program received for FY 2013. The spending bill will be considered by the full committee on Wednesday, June 26.
- Senate Appropriations Action. The Senate Appropriations Subcommittee on Transportation/Housing and Urban Development is scheduled to mark up its FY 2014 spending bill on Tuesday, June 25. Senate Appropriations Chairwoman Barbara Mikulski (D-MD) released her allocation for the subcommittee, which is nearly \$10 billion more than what is proposed in the House bill.
- Proposed Legislation for Bridge Repairs. Last week House Democrats on the Transportation and Infrastructure Committee introduced legislation that would provide \$5.5 billion over two years for

repairing structurally deficient bridges across the country. The SAFE Bridges Act (<u>H.R. 2428</u>) would distribute funding to states according to a needs-based formula. The money would be in addition to federal highway funding the states already receive.

This Week's Hearings:

- Tuesday, June 25: Transportation-Housing Senate Appropriations subcommittee markup.
- Wednesday, June 26: The House Transportation and Infrastructure Committee will hold a hearing titled "How Logistics Facilitate an Efficient Freight Transportation System."
- o Wednesday, June 26: Transportation-Housing House Appropriations full committee markup.
- Thursday, June 27: The House Transportation and Infrastructure Subcommittee on Railroads,
 Pipelines and Hazardous Materials will hold a hearing titled "National Rail Policy: Examining Goals, Objectives and Responsibilities."

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