

# Monthly Briefing: May 2018

A look at this month's top issues for Congress and the White House

**May 11, 2018**

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# Roadmap

## Overview: policy state of play

Unfinished business for Congress

White House priorities for 2018

## Top issues

Iran nuclear deal

Tariffs and trade negotiations

North Korea

Farm Bill

## 2018 midterms

House

Senate

Governors

# May overview: Trump's trade actions provoke retaliation; Trump set for a meeting with Kim Jong Un

## Current state of play in Washington, by issue area

■ Particularly important issues for May



### Agriculture

Senate releases its version of the Farm Bill; trade disputes with China threaten agricultural retaliation



### Appropriations/Budget

Continued subcommittee hearings on the FY2019 budget requests



### Education

Teachers continue to strike across the country demanding pay increases; little movement on PROSPER Act in House



### Energy & environment

EPA Admin. Pruitt's job threatened over ethics questions; WOTUS decision delayed; RFS debate almost resolved



### Finance

Acting CFPB Director Mulvaney continues to roll back Obama-era rules: House expects to act soon on Senate's Dodd-Frank reform bill



### Health care

State governors announce consortium to study gun violence; Trump administration provide states with more flexibility when implementing ACA regulations



### Immigration

Travel ban and DACA heard in the Supreme Court; some House Republicans sign discharge petition



### Infrastructure

Some infrastructure funding in omnibus but not a comprehensive investment plan; White House advisor quit



### International relations

Trump prepares for in-person meeting with Kim Jong Un; Pompeo and Mnuchin dealing with Iran deal withdrawal



### Tax, labor, economy

Increased worries of a trade war between US and China; Fed did not increase rates in April meeting, but still planning on it



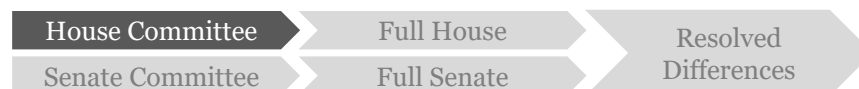
### Technology

Bipartisan Senate group plans to force a vote on net neutrality; Cambridge Analytica announced that it is shutting down and filing for bankruptcy

# Reauthorization of major government programs

## Higher Education Act (HEA)

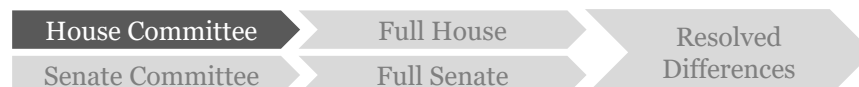
- Authorizes many major education programs, usually for four years



*Dec. 1, 2017: H.R. 4508 passed House Education and the Workforce Committee*

## National Defense Authorization Act (NDAA)

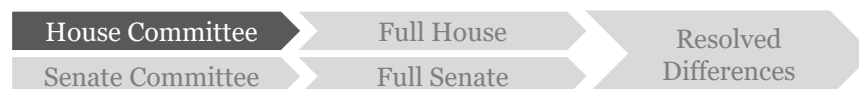
- Defines the next year's military strategy and funding levels, and usually includes reforms to other government entities



*May 10, 2018: H.R. 5515 passed House Armed Services Committee*

## Farm Bill

- Authorizes through 2023 most agricultural support and food assistance programs, including SNAP
- Also includes some rural infrastructure spending



*April 18, 2018: H.R. 2 passed House Agriculture Committee*

## Federal Aviation Administration (FAA)

- Approves five years of funding for the FAA in addition to other policy reforms including drones and funding for some infrastructure projects

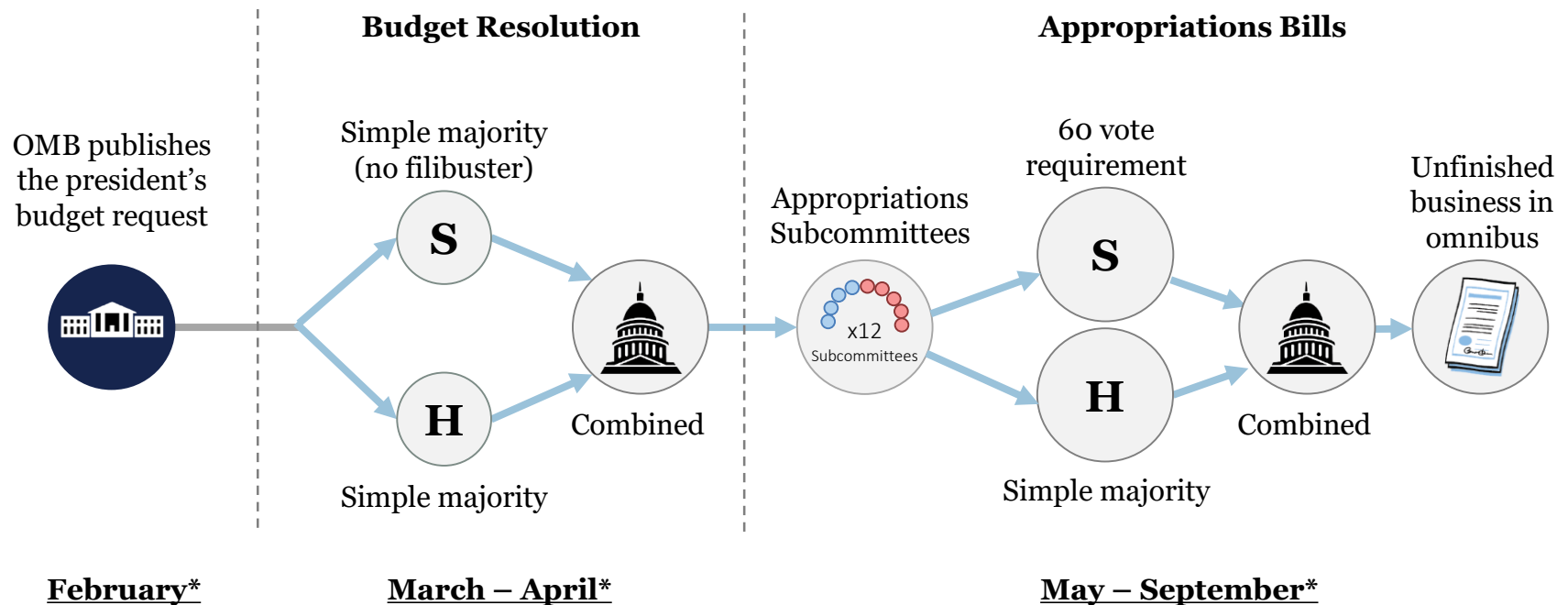


*April 27, 2018: H.R. 4 passed House by a vote of 393-13*

# Congress must reach an agreement on government spending before the end of the fiscal year: September 30, 2018

## Fiscal Year 2019 appropriations status

\*SCHEDULE UNDER REGULAR ORDER

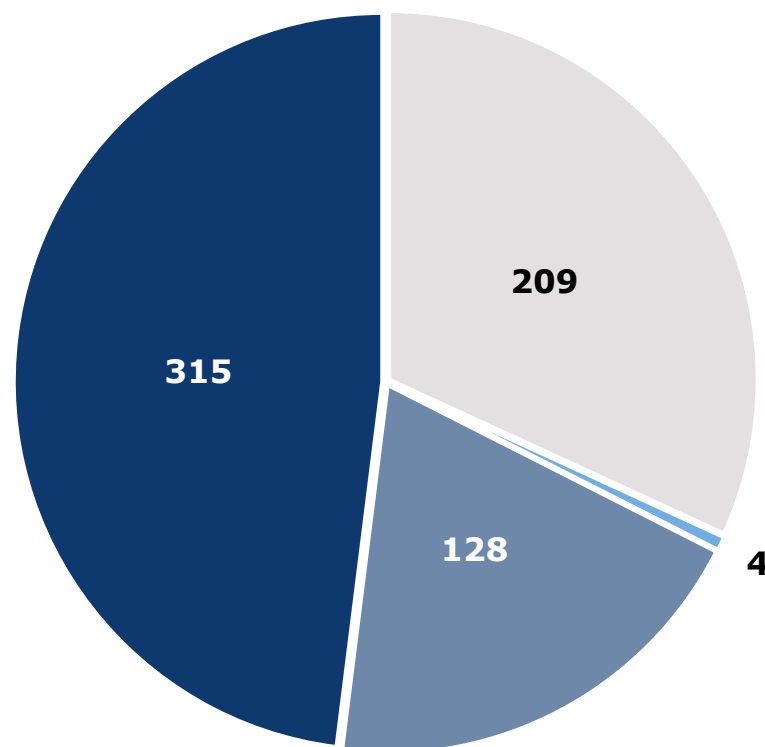


# 128 nominees to key positions are awaiting confirmation, 209 position have no nominee

## Status of key positions requiring Senate confirmation

AS OF MAY 1, 2018

■ No nominee ■ Awaiting nomination ■ Awaiting confirmation ■ Confirmed



### Vacant cabinet secretaries:

- Central Intelligence Agency
  - Gina Haspel nominated
- Department of Veterans Affairs
  - No nominee

### Departments without a deputy secretary:

- Commerce (no nominee)
- Education (Zais nominated)
- Treasury (Muzinich nominated)

Source: "Tracking how many key positions Trump has filled so far," Washington Post

# The White House's priorities align with those of Congress, but also include foreign policy, trade and infrastructure

## Major priorities for the White House



### North Korea and Iran

led by  
**Secretary of State**  
**Mike Pompeo**

**North Korea:** President Trump is set to meet with North Korean leader Kim Jong Un in the coming weeks following a summit between North and South Korean leaders that resulted in Kim stating he would shut down North Korea's nuclear test site

**The Iran deal:** Trump decided to withdraw the US from the JCPOA (Iran Deal), but details on how much and when sanctions will be reinstated must be finalized



### NAFTA renegotiations

led by  
**US Trade Representative**  
**Robert Lighthizer**

**NAFTA renegotiations:** After seven rounds of negotiations, no deal has been reached concerning NAFTA. Trump also levied a set of tariffs on steel and aluminum, prompting concerns about a trade war with China, and USTR Lighthizer has suggested the US will use these tariffs as leverage in NAFTA negotiations



### Infrastructure

led by  
**Secretary of Transportation**  
**Elaine Chao**

**Infrastructure:** Trump unveiled his infrastructure plan in February and has stated that the White House will wait to focus on the issue until after the 2018 midterms. The plan includes \$200 billion in federal funding for a proposed total of \$1.5 trillion in investment for infrastructure.

Sources: Ben Westcott, "North Korea will close nuclear test site in May, South says," CNN, April 29, 2018; Joseph Cirincione, "Trump poised to kill Iran deal after Macron's last-minute mission to America fails," NBC News, April 30, 2018; Danielle Chiriguayo, "Where do NAFTA renegotiations," Marketplace, April 10, 2018; Mike Calia, "Trump pushes infrastructure plan," CNBC, March 29, 2018.

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# With a May 12 deadline to renew waivers for sanctions, Trump chooses to withdraw from the Iran nuclear deal

Trump has two options for re-imposing sanctions



## Option 1: “The nuclear option”

- With this option, Trump would re-impose all sanctions, including those on the Iranian central bank and those up for renewal in July targeting over 400 Iranian companies, officials and business sectors
- This option would violate the JCPOA, which requires that sanctions remain lifted so long as Iran is complying with the deal



## Option 2: Central bank sanctions

- This would re-impose only those sanctions on Iran’s central bank, which primarily target oil exports
- This option would begin a 180-day period for companies and countries to reduce Iranian oil purchases with penalties from the US if they continue to buy Iranian oil

### The debate:

- **Supporters of slowly reintroducing sanctions** argue this will give the US more leverage to strengthen the deal, ultimately allowing Trump to accept the terms and the US to stay in
- With the 180-day clock Iran and European allies may be willing to renegotiate the deal
- **Supporters of the nuclear deal** argue that even if sanctions are introduced slowly, the US will still be in violation of the JCPOA
- Facing economic challenges from businesses reducing Iranian oil purchases, Iran may choose to restart their nuclear program

Sources: Josh Lederman and Matthew Lee, Trump exit from Iran nuclear deal enters uncharted territory,” Associated Press, May 5, 2018.

# The international response from allies and Iran

## European leaders urged Trump not to leave the deal; Iran could leave the deal after US withdraws



French President Emmanuel Macron, German Chancellor Angela Merkel and British Foreign Secretary Boris Johnson visited Washington in late April and early May 2018 to persuade Trump to stay in the deal.



Mohammad Javad Zarif, Iran's foreign minister, said Iran will likely leave the deal after the US announces its withdrawal from the deal on May 8, 2018.



Macron, Merkel and Johnson tried to convince the president that while the deal had flaws, it could be improved. They suggested potential new sanctions for ballistic missile development and armed support for the Syrian regime.



Iran may choose to resume their nuclear program, as they will no longer be required to comply with IAEA inspections of nuclear and military sites.



The European leaders have all recommitted to staying in the deal even though the US will withdraw.



Iran would still be obligated to comply with nuclear site inspections under the Nuclear Nonproliferation Treaty. Experts have not ruled out the possibility Iran may pull out of the treaty as well.

Sources: Josh Lederman and Matthew Lee, "Trump exit from Iran nuclear deal enters uncharted territory," Associated Press, May 5, 2018; David E. Sanger and Steven Erlanger, "Trump Is Expected to Leave Iran Deal, Allies Say," New York Times, May 7, 2018.



# North Korea

## Recent key developments on North Korea and potential future actions



February 2018:

**Tensions between North and South Korea cool; tensions between US and North Korea remain:** As the 2018 Winter Olympics approached, the North and South Korea entered into dialogue on Olympic participation. Over the course of the Games, Vice President Mike Pence and Ivanka Trump were rumored to have scheduled talks with North Korean leadership. Neither US official met with the North Koreans.



March 2018:

**North Korea in the 2018 omnibus bill:** Congress approved \$8 million to promote human rights in North Korea, provided funds under “Migration and Refugee Assistance” for refugees from the DPRK, and allocated money to maintain a database on prisons and gulags in North Korea.

April 2018:



**North Korea relaxes its conditions for giving up its nuclear weapons:** South Korean President Moon Jae-in announced that North Korea no longer demands that American troops be removed from South Korea as a condition for its denuclearization, though the North has maintained that American military presence validates its pursuit of nuclear weapons.

## Legislative timeline

February 2017

April 2017

August 2017

August 2017

*North Korea fires a new type of intermediate-range missile, its first missile test during Donald Trump's presidency:*

Rep. Joe Wilson (R-SC) introduces a resolution to condemn North Korea's bellicose actions.

*The North Korea State Sponsor of Terrorism Designation Act of 2017 introduced by Rep. Ted Poe (R-TX) passes the House and moves to the Senate:*

The same designation was given to the DPRK in 1988 and rescinded in 2008 after the government promised to dismantle its weapons program.

*The UN Security Council unanimously approves sanctions against North Korea:*

Responding to sanctions, North Korea threatens it will launch “thousands fold” revenge against the US.

*The Countering America's Adversaries Through Sanctions Act is enacted:*

The act imposes sanctions on North Korean leaders, prohibits US financial institutions from providing financial services to North Korea, and places an embargo on certain goods from the DPRK.

## Potential actions

- Other legislation in Congress regarding North Korea ranges from requiring the Director of National Intelligence (DNI) to form a DPRK-specific intelligence gathering cell to establishing diplomatic channels to discuss North Korea
- New Secretary of State Mike Pompeo visited Pyongyang to discuss potential denuclearization of the Korean peninsula with Kim Jong Un; Trump agreed to meet with North Korean leader Kim Jong-Un sometime in May
- Congress has no real influence over the Trump-Kim meeting, but many members have expressed concerns about the optics of rewarding and elevating the North Korean leader, while others are optimistic about the potential, however unlikely, that it might lead to a diplomatic solution for the region
- North Korea leader Kim Jong-un told President Moon Jae-in that he would cease his pursuit of nuclear weapons if the United States agrees to formally end the Korean War and promises not to attack North Korea

Sources: National Journal Research, 2018; Congress.gov, 2018; Ambar Phillips, “Why Congress is cautiously optimistic on Trump's talks with North Korea,” The Washington Post, March 9, 2018; Choe Sang-hun, “Kim Says He'd End North Korea Nuclear Pursuit for U.S. Truce,” The New York Times, April 29, 2018; Mark Landler and Choe Sang-Hun, “North Korea Drops Troop Demand, but U.S. Reacts Warily,” The New York Times, April 19, 2018

# Trump delays steel and aluminum tariffs on the eve of their implementation

## The White House approves another month to renegotiate final trade agreements with its allies



President Trump extended talks with U.S. allies regarding steel and aluminum tariffs for another month, including negotiations with the European Union, Canada and Mexico



Extended exemptions have been applied to Canada and Mexico as the Trump administration is working to renegotiate the North American Free Trade Agreement (NAFTA), which includes those nations



Initially, tariffs, from which Canada and Mexico were exempted, were to be unveiled March 23; however, the deadline was extended to May 1 to accommodate negotiations with additional countries; before midnight on May 1, Trump extended the deadline a second time to June 1



The Trump administration has pushed European countries to concede to either a quota or the tariffs; recently, French President Macron and German Chancellor Merkel petitioned Trump not to impose steel and aluminum tariffs on the EU



The White House says that it is finalizing agreements with Argentina, Australia and Brazil concerning the tariffs; it has announced that talks with Canada, Mexico and the EU have been extended



The White House has reached a final agreement with South Korea on steel imports: the U.S. set aside tariffs on South Korean steel and aluminum manufacturers and South Korea accepted quotas that would cut its steel exports to the U.S.

## Timeline of events regarding the trade tariffs



Sources: Tory Newmyer, "The Finance 202: Trump's tariff delay leaves Europe as the odd one out," The Washington Post, May 1, 2018; Steven Mufson and Damian Paletta, "Trump delays steel and aluminum tariffs for Canada, Mexico and European Union," The Washington Post, April 30, 2018; Liz Moyer, "A timeline of Trump's escalating trade war with the world," CNBC, April 4, 2018; Jeremy Diamond, "Trump delays steel, aluminum tariffs for US allies for 30 days," CNN, May 1, 2018; The Noun Project: Gregor Cresnar, Davo Sime, Creative Stall, Noura Mbarki; Jen Kirby, "Trump delays tariffs (and potential trade war) against U.S. allies," Vox, April 30, 2018; Reuters Staff, "U.S. expected to impose up to \$60 billion in China tariffs by Friday: sources," Reuters, March 19, 2018

# Trump and Chinese tariffs

## Timeline of events

*March 9, 2018:*



**Trump imposes tariffs on steel imports**, following through on the recommendation delivered by the Commerce Department. Steel imports are taxed at 25% and aluminum at 10%, but key allies are exempted

*April 2, 2018:*



**China imposes tariffs on US imports worth \$3 billion** in direct response to the U.S. tariffs on steel and aluminum

*April 3, 2018:*



**The U.S. threatens to target \$50 billion in Chinese goods**, heightening the tension between the two countries. The tariffs were introduced less than 24 hours after China's announced tariffs, in response to the August 2017 I.P. theft case according to the USTR

*April 4, 2018:*



**China threatens to target \$50 billion in American goods**, responding to the U.S. threat in full measure. Global markets have reacted negatively to the announcement

*April 5, 2018:*



**Trump calls for a new wave of tariffs targeting \$100 billion of Chinese goods**, asking USTR Lighthizer to look into which products to target

### Potential actions

- A public comment period is ongoing until May 11 for the \$50 billion in U.S. tariffs on Chinese goods announced April 3. A hearing on the tariffs is set for May 15
- China has yet to announce official dates for when \$50 billion worth of tariffs will go into effect on U.S. imports to China
- China and the U.S. will likely begin negotiations over tariffs. Trump's main objective is to reduce the U.S. trade deficit with China

## Previous actions

**April 2017**

President Trump directs the Department of Commerce to investigate whether imports of steel from China and other countries pose a threat to U.S. national security

**August 2017**

Trump initiates a second investigation into Chinese trade practices. He asks to USTR to examine unfair Chinese trade practices, focusing on theft of U.S. intellectual property

**January 2018**

The U.S. announces a 30% tariff on imported solar panels and taxes large residential washing machines starting at 30%. Both goods in the American market largely come from China

**February 2018**

Under Secretary Wilbur Ross, the Commerce Department recommends a range of tariffs, including 24% on steel and 7.78% on aluminum, citing national security concerns

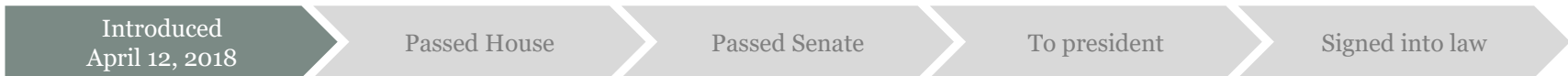
Sources: Rishi Iyengar, "US-China trade battle: Catch up here," CNN, April 8, 2018; Paul Wiseman, "Trump Proposes Tariffs on \$50 Billion in Chinese Electronics Imports," TIME, April 4, 2018.



# 2018 Farm Bill

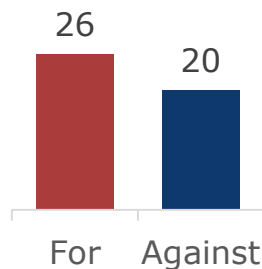
*H.R. 2: The Agriculture and Nutrition Act of 2018*

## Bill at a glance



**Mike Conaway**  
(R-TX11)  
*Ag Committee Chair*  
*Bill sponsor*

### Committee vote: Passed



### Current status & the look ahead:

- Democrats boycotted the bill in committee and did not offer any amendments to the legislation
- Rep. Conaway stated that Democrats will likely not offer any amendments on the House floor
- **Full House votes – week of May 14, 2018**
- **Senate introduces its version – May 2018**

## Key actions in 2018

### January 30:

Sec. of Ag Perdue releases the Trump administration's "Farm Bill Legislative Principles," calling for state flexibility to set requirements for SNAP and no increases to crop insurance subsidies

### February 12:

Pres. Trump releases his FY2019 budget request, including cuts to SNAP, and introducing fees for most farm programs; it also proposed the idea of delivering shelf-stable food to SNAP recipients

### March 19:

Democratic members of the House Agriculture Committee cease all negotiations over reported SNAP changes; Chairman Conaway refuses to release the full Farm Bill text

### April 12:

Rep. Conaway introduces the Farm Bill and sets a markup date; Democrats broadly condemn the tightened work provisions for SNAP and Republicans generally support the legislative package

### April 18:

House Ag Committee holds a contentious markup hearing; GOP members offer 20 amendments; the bill passes the committee on party-line votes

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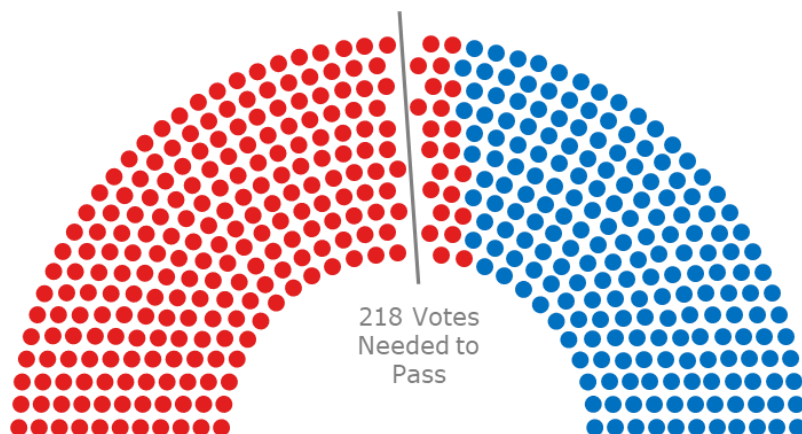
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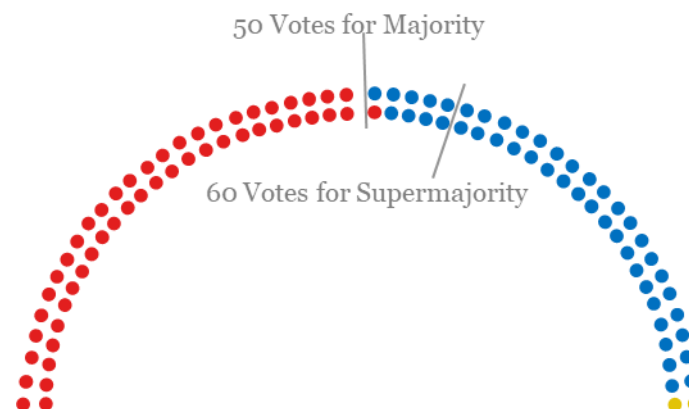
# Democrats will need to pick up 23 seats in the House and two seats in the Senate to control both chambers of Congress

## House of Representatives



Total Republicans	236*
Total Democrats	192*

## Senate



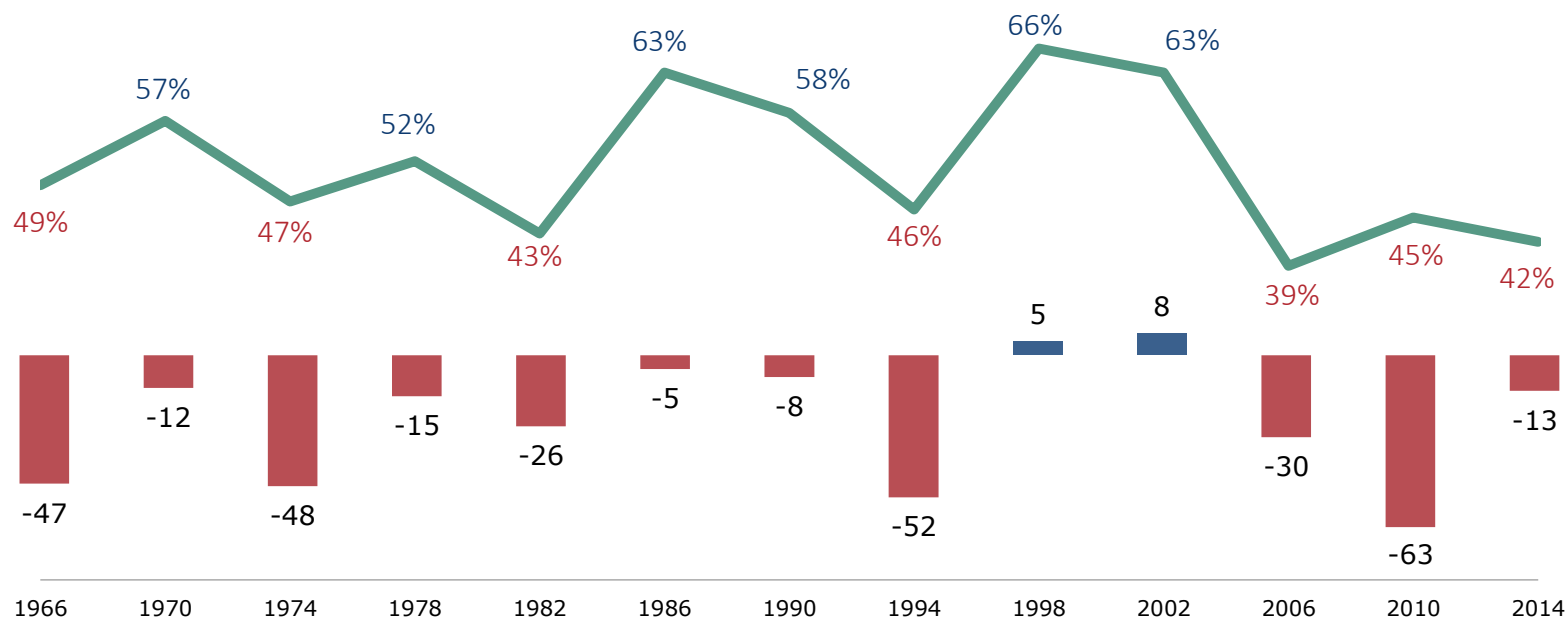
Total Republicans	51
Total Democrats/Independents	49

\*There are currently six vacancies in the House



# Presidents with a sub-50% approval rating lose an average of 40 seats in the midterms

## Presidential job approval vs. midterm results since 1966



Trump Job Approval  
**43.4%**  
 RCP Average: May 10, 2018

Job Approval	Average Change
Over 60%	+3 Seats
50%-60%	-12 Seats
Under 50%	-40 Seats

# Republicans have lost ground in all special elections, a potential signal of major victories for Dems in swing districts

## 2017/2018 special elections results compared to 2016 results

District	Previously held by (Current position)	2016 results (R-D)	Special election results (R-D)	Special election winner	Change in % Republican	Change in % Democrat
KS-04	Mike Pompeo (R) (CIA Director)	61-30	53-46	Ron Estes (R)	-8	+16
MT-AL	Ryan Zinke (R) (Secretary of the Interior)	58-42	49-43	Greg Gianforte (R)	-9	+1
CA-34	Xavier Becerra (R) (CA Attorney General)	0-100	*-59	Jimmy Gomez (D)	N/A	N/A
GA-06	Tom Price (R) (HHS Secretary)	62-38	52-48	Karen Handel (R)	-10	+10
SC-05	Mick Mulvaney (R) (OMB Director)	59-39	51-48	Ralph Norman (R)	-8	+9
AL	Sen. Jeff Sessions (R) (Attorney General)	62-34**	48-50	Doug Jones (D)	-14	+16
UT-03	Jason Chaffetz (R) (Fox News)	73-27	58-26	John Curtis (R)	-15	-1
PA-18	Tim Murphy (R) (Resigned after scandal)	58-39**	49.6-49.8	Conor Lamb (D)	-8	+11
AZ-8	Trent Franks (R) (Resigned after scandal)	58-37**	53-47	Debbie Lesko (R)	-5	+10

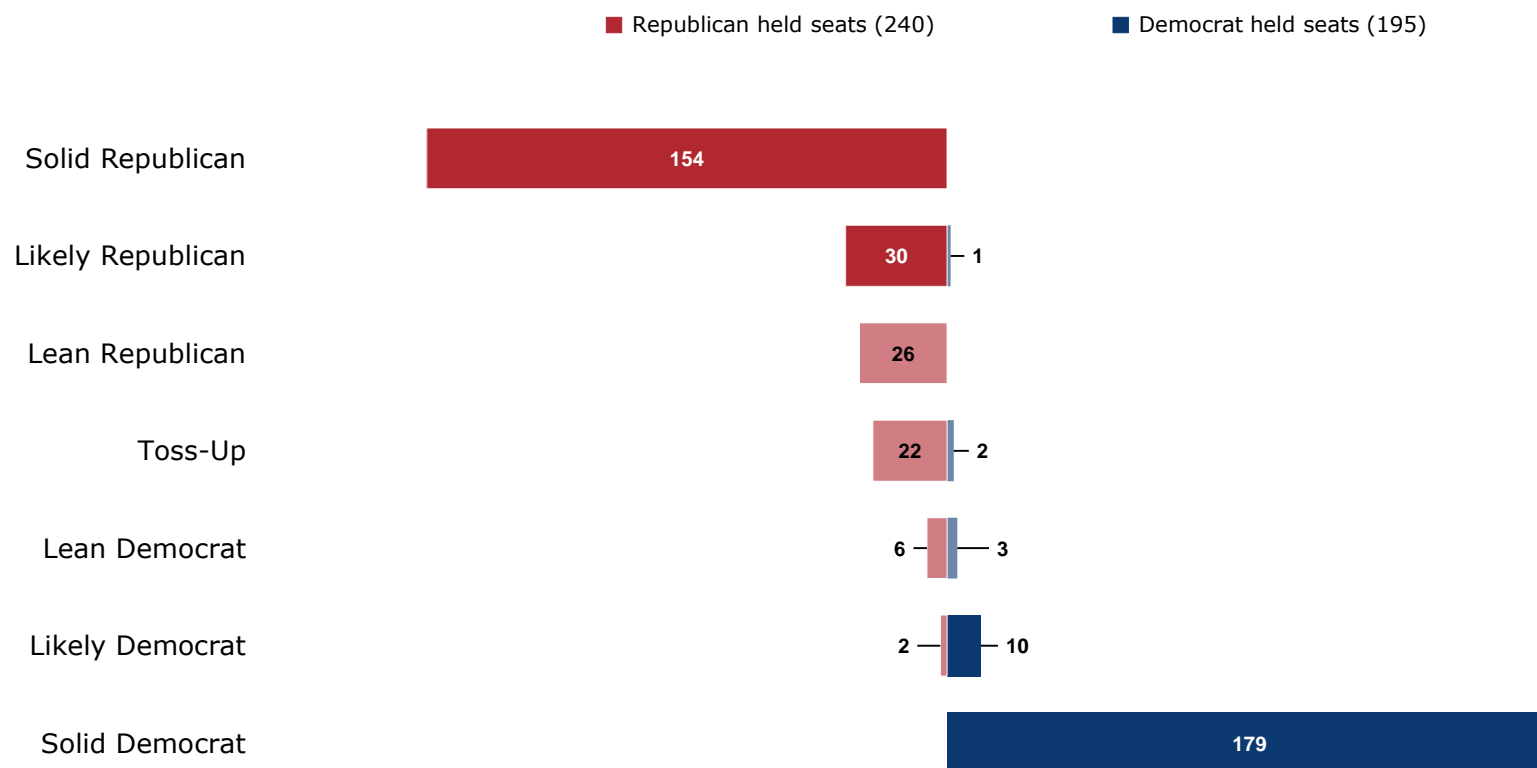
\*Both of the two highest scorers in California's open primary system were Democrats

\*\*These numbers reflect Trump v. Clinton in the 2016 presidential election (Sen. Sessions was last elected in 2014, Rep. Murphy ran unopposed and Rep. Frank ran against a Green Party member in 2016)

# How big of a swing? Control of the House will depend on whether Democrats can win most “toss-up” races

## Cook Political Report ratings

ALL 2018 HOUSE RACES

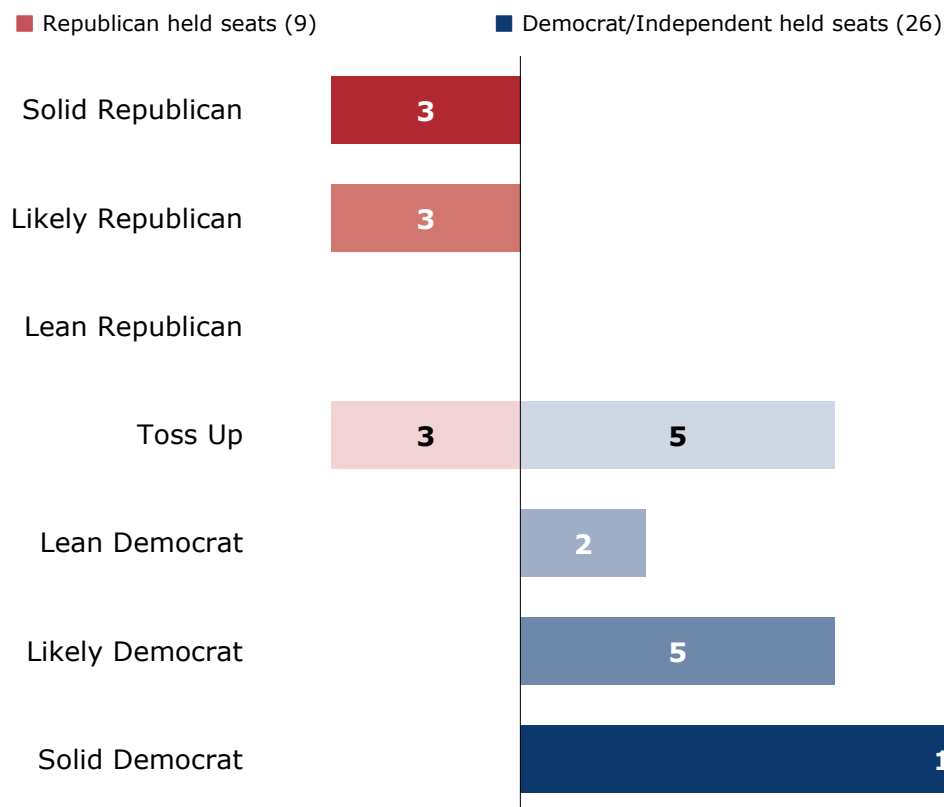


Source: Cook Political Report.

# Democrats need to gain two seats to control the Senate, but are defending 26 seats, five of which are considered “Toss Ups”

## Cook Political Report ratings

2018 SENATE RACES



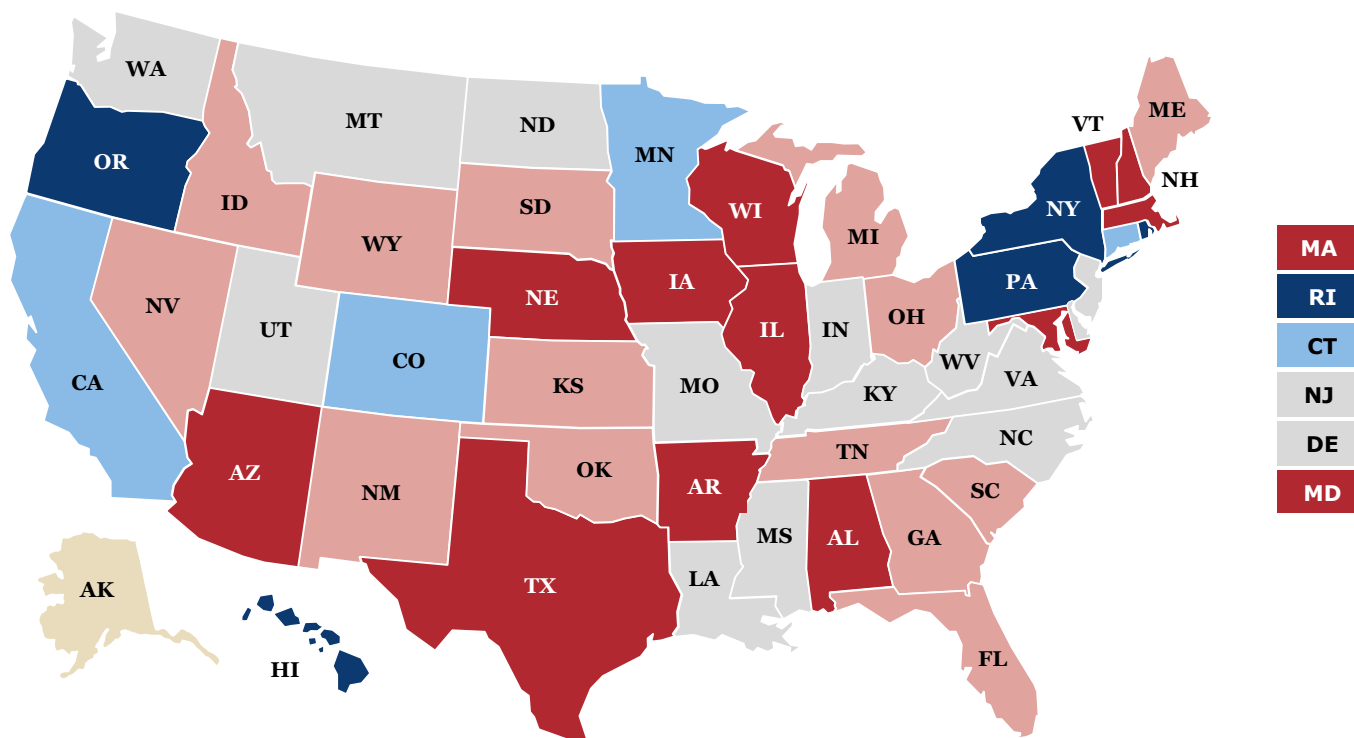
\* Includes independent Bernie Sanders (VT) and Angus King (ME) who caucus with the Democrats

Sources: Cook Political Report, 2018.

# In 2018, Republicans must defend 14 governorships without an incumbent running, as opposed to only 4 for Dems

## 2018 gubernatorial races by incumbent and status

■ Dem. incumbent (5)    ■ Dem. open\* (4)    ■ Ind. incumbent (1)  
■ GOP incumbent (12)    ■ GOP open\* (14)    ■ No election (14)



\*"Open seats" are governorships where incumbent governors are term-limited or they have announced that they are not running for re-election

Sources: Cook Political Report, 2017.

# Most states will hold their primaries in June or August of 2018

## 2018 congressional primary calendar

■ Primary election

### March

				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

### August

			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Mar 6: TX

Mar 20: IL

Aug 2: TN

Aug 7: KS, MI, MO, WA

Aug 11: HI

Aug 14: CT, MN, VT, WI

Aug 21: AK, WY

Aug 28: AZ, FL

### May

		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

### September

						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

May 8: IN, NC, OH, WV

May 15: ID, NE, OR, PA

May 22: AR, GA, KY

Sept 11: DE, NH, RI

Sept 18: MA

### June

					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

### November

				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Jun 5: AL, CA, IA, MS, MT, NJ, NM, SD

Jun 12: ME, NV, ND, SC, VA

Jun 26: CO, MD, NY, OK, UT

Nov 6: LA

**\*No primary elections in April, July or October**

# Introducing the 2018 Election Dashboards: insights on key races for the House, Senate and governorships

Download them through the search bar or visit National Journal's [Midterm Election Hub 2018](#)

