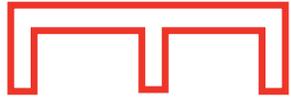


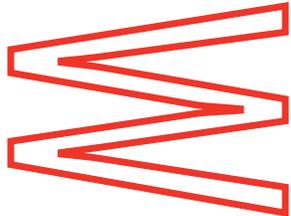


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Washington, D.C. Update



In a rush to leave Washington and head home to campaign for reelection, members of Congress passed a continuing resolution (CR) avoiding a shutdown and extending federal government operations through December 9. In an effort to attract bipartisan support for the CR, Congress reached agreement on a number of party- and regional-specific priorities, including lead abatement for Flint, Michigan, fighting the spread of the Zika, combating the growing opioid addiction crisis and the provision of emergency aid for flood-ravaged Louisiana.



The agreement also incorporated fiscal year 2017 appropriations for Military Construction and the Department of Veterans Affairs, one of 12 appropriations bills that fund the U.S. government. However, with 11 of the 12 appropriations bills and a number of other legislative priorities still outstanding, the post-election “lame duck” congressional session could be chock-full and very consequential. We will also be following the races for congressional leadership positions, as well as for committee chairmanships and ranking member positions. For instance, we will be closely following the race for Chairman of the House Energy and Commerce Committee, as Rep. John Shimkus (R-IL) and Rep. Greg Walden (R-OR) have both declared their desire to succeed outgoing Chairman Rep. Fred Upton (R-MI).

In this month’s update we highlight the following issues:

- [Continuing Resolution Extends Government Operation Through December 9](#)
- [Appropriations: Military Construction and Veterans Affairs Approved – 11 Bills Outstanding](#)
- [Agreement Reached over Funding for Lead Abatement in Flint, MI](#)
- [\\$1.1 Billion Approved to Fight the Spread of the Zika Virus](#)
- [Congress Agrees to Spend \\$500 Million on Disaster Recovery Efforts](#)
- [Agreement on Continuing Resolution Includes \\$37 Million \(Annualized\) to Fight Opioid Epidemic](#)
- [Post-Election “Lame Duck” Session](#)

Additionally, here’s what we’re reading this month:

- [Delivery System Reform: Improving Care for Individuals Dually Eligible for Medicare and Medicaid](#) – Bipartisan Policy Center
- [The Future of the Army](#) – Atlantic Council of the United States
- [Increased Trade: A Key to Improving Productivity](#) – Peterson Institute for International Economics

Please feel free to reach out to me for additional information on these topics or other issues of importance.

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Continuing Resolution Extends Government Operation Through December 9

Just 36 hours before the end of fiscal year 2016 (FY16), Congress passed and the President signed H.R. 5325, a continuing resolution (CR) extending the existing FY16 appropriations through December 9. The bill, which passed the House by a vote of 342 to 85 and the Senate 72 to 26, avoids an October government shutdown, instead pushing the debate over fiscal year 2017 (FY17) appropriations until after the November 8 election. As “must pass” legislation, the CR served as a proxy for a number of ongoing fights, including the response to the Zika crisis and opioid epidemic, funding for lead abatement in Flint, Michigan, and the response to recent flooding in Louisiana.

A wide majority of both House Republicans and Democrats voted for the CR. All but ten Democrats voted in favor of the legislation, while Republicans were split 170 to 75. That was a notable shift from last year’s House CR vote, when the House Republicans voted 91 to 151 against the FY16 measure.

Takeaway: Adoption of the CR pushes the contentious fight over appropriations until after the November 8 election, allowing members of Congress to spend all of October and the first week of November focused on their reelection campaigns.

Appropriations: Military Construction and Veterans Affairs Approved – 11 Bills Outstanding

As part of the agreement to pass the continuing resolution, Congress approved the FY17 Military Construction and Veterans Affairs (MilCon-VA) Appropriations Act. The bill was the first and so far only one of the 12 annual appropriations bills in the House and Senate that make up federal spending to be adopted. MilCon-VA is often the least contentious of the appropriations bills in a given year. All of the 11 remaining appropriations measures have cleared the Senate and House Appropriations Committees, but only five have passed the house, and three have passed the Senate. The House has approved the Defense, Interior Environment, Legislative Branch, Financial Services and MilCon-VA bills, while the Senate has approved Energy and Water, Transportation HUD, and MilCon-VA. Negotiations over the appropriations legislation came to a halt earlier in the summer when partisan disagreements and the forthcoming election forced a shift from FY17 appropriations to passing a CR.

Takeaway: Expect to see consideration of the outstanding 11 appropriations bills during the post-election “lame duck” congressional session. There may be an attempt to create one large bill (an omnibus) or alternatively a number of smaller bills incorporating multiple appropriations bills (minibuses).

Agreement Reached over Funding for Lead Abatement in Flint, MI

On September 15, the Senate overwhelmingly approved the Water Resources Development Act (WRDA), which included \$220 million for lead contamination relief nationwide, of which at least \$100 million is expected to be spent in Flint, Michigan. The House-passed version of the legislation initially did not include funding for lead abatement due to committee jurisdictional differences. House Republican leadership had been hesitant to include the funding, insisting that the differences would be addressed in Senate-House conference committee. Democrats, however, insisted that the funding be included in both bills as a condition of their support for the CR. After last-minute maneuvering that included Democrats voting down a CR measure, Democrats and Republicans agreed on an amendment to the House WRDA bill that includes \$170 million for Flint – paving the way for passage of the CR and lame duck conference committee consideration of WRDA that includes funding for Flint lead abatement.

Takeaway: After last minute negotiations, Democrats were successful in attaching \$170 million in spending to the House-passed version of the Water Resources Development Act. The amendment and the more than \$100 million for Flint included in the Senate-passed version of WRDA will proceed to a House-Senate conference committee during the post-election “lame duck” congressional session.

\$1.1 Billion Approved to Fight the Spread of the Zika Virus

After months of back and forth, Democrats and Republicans reached an agreement to spend \$1.1 billion in the fight against the spread of the Zika virus. The bill includes \$933 million for domestic efforts through the Department of Health and Human Services (HHS) broken down as:

- \$394 million for the Centers for Disease Control and Prevention to combat mosquito populations and more;

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- \$397 million to develop vaccines and diagnostic tests at the National Institutes of Health and the Biomedical Advanced Research and Development Authority;
- \$75 million to reimburse health care provided to those without private health insurance in states and territories with active Zika transmission.

The legislation also provides \$175 million for international efforts through the State Department and U.S. Agency for International Development.

Passage of the bill ends a months-long struggle over Democratic objections to language rolling back environmental protections for pesticide use and Republican insistence that spending included in the bill be offset by cuts elsewhere. In the end, Republicans agreed to remove the language on pesticide use and Democrats agreed to offset \$285 million of the spending through a number of mechanisms, including returning to the treasury \$117 million provided in 2014 to combat the Ebola virus and another \$168 million in unused accounts provided as part of the Affordable Care Act for U.S. territories to set up health exchanges.

But Democrats most frequent complaint centered on Republican-backed language they claimed would severely limit access to contraceptives in Puerto Rico. A \$95 million allocation for Social Services Block Grants, mostly designated for use in Puerto Rico, would have excluded family planning services that focus on contraception, including the territory's Planned Parenthood affiliate, Profamilias. The language was not included in the final legislation.

Takeaway: The inclusion of \$1.1 billion in spending to combat the spread of the Zika virus in the CR marks the conclusion of nearly a full year of negotiations over the issue. Congress will continue to deliberate about additional public health emergency response funds over the coming months, such as the \$300 million fund included in the FY17 Labor, Health and Human Services appropriations bill.

Congress Agrees to Spend \$500 Million on Disaster Recovery Efforts

As part of the agreement over the CR, Congress agreed to spend \$500 million to help Louisiana and other states recover from recent flooding. At least \$400 million is expected to go to Louisiana, where August flooding killed 13 people and damaged an estimated 146,000 homes. While President Obama signed an emergency declaration in the immediate wake of the flooding, it was not until the end of September that Congress was able to agree on supplemental spending related to the emergency declaration. At the behest of the Louisiana congressional delegation, senior Republicans included the spending in the initial draft of the CR, but Democratic leadership initially balked, insisting that if Congress provided funding for disaster recovery in Louisiana, it must also do so for Flint.

State officials have described the \$500 million as a “down payment” to help the thousands of residents and businesses wiped out by the mid-August floods. Gov. John Bel Edwards has estimated damage to total as much as \$8.7 billion. The \$500 million will be devoted to helping with emergency housing repairs through the Department of Housing and Urban Development's (HUD) community block grant program. House Majority Whip Steve Scalise (R-LA) said he had promises from congressional leaders that more relief was to come during the “lame duck” session after Election Day. Gov. Edwards and President Obama asked for \$2.6 billion at the start of budget negotiations.

Takeaway: As part of the agreement over the CR, Congress approved \$500 million in spending for flood relief. The funding will be devoted to emergency housing repairs through HUD's community block grant program. We expect the issue to remain on the agenda during the “lame duck” congressional session as additional funding will most likely be necessary.

Agreement on Continuing Resolution Includes \$37 Million (Annualized) to Fight Opioid Epidemic

In July, after months of negotiation, Congress overwhelmingly passed compromise legislation authorizing nearly \$900 million in spending to help fight the growing opioid abuse crisis. The measure, which passed the Senate 92 to 2, strengthened prevention, treatment and recovery efforts, largely by providing medical professionals and law enforcement officials with more

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tools to help drug addicts. However, disputes between congressional Democrats and Republicans meant that while the bill authorized more spending than had been initially expected, it did not appropriate any corresponding funding as requested by the White House.

The \$37 million appropriated as part of the CR is far less than had been hoped for by many advocates, especially given that only \$7 million of the \$37 million is available to be spent during the ten-week duration of the CR.

Takeaway: The \$37 million appropriated to fight the growing opioid addiction epidemic is only an opening salvo in what is expected to be a continued point of debate during the post-election consideration of the appropriations bills.

Post-Election “Lame Duck” Session

In the rush to head back to their districts before the November election, Congress elected to defer a number of issues to the post-election “lame duck” session. However, with the exception of appropriations, it remains difficult to identify exactly which issues will be addressed in the “lame duck” session as much depends on the results of the November election.

Additional “lame duck” issue items include:

- Appropriations bills
- More aid for Louisiana
- Finalization of the Water Resources Development Act and funding for Flint lead abatement
- National Defense Authorization Act
- Expiring tax provisions (tax extenders)
- 21st Century Cures legislation
- Comprehensive energy legislation
- Reconsideration of the Justice Against Sponsors of Terrorism Act
- Mental health reform legislation
- Hurricane Matthew disaster funding
- Consideration of the nomination of Judge Merrick Garland to the Supreme Court

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