



TROUTMAN SANDERS STRATEGIES

115th Congress: Second Session

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Table of Contents

- Introduction..... 3
- 2018 Midterm Elections..... 4
- Members Leaving Congress 7
 - Government Funding & Appropriations 8
 - DACA & Immigration..... 8
 - Healthcare 9
 - Welfare & Medicaid Reform..... 10
 - Banking & Financial Services..... 10
 - Transportation & Infrastructure 12
 - Regulatory Rollback..... 13
 - Energy and Environment..... 13
 - Cybersecurity & Data Protection..... 13
 - Farm Bill..... 14
 - Higher Education Act Rewrite 14
 - Trade 15
- Key Committee Leadership Shifts 16
- 115th Senate & House Leadership 17
- CQ Congressional Calendar 18
- About Troutman Sanders Strategies..... 19

Introduction

The Second Session of the 115th Congress began on January 3, 2018 with the Senate's return to Washington, and the House of Representatives returning for business on January 8.

The first year of President Donald Trump's administration, along with undivided Republican control of Congress, produced a handful of legislative and regulatory accomplishments, many of which the GOP promised during the 2016 election and at the start of the 115th Congress. Several campaign pledges of President Trump, such as transportation and infrastructure investment and building a border wall, along with the repeal and replace of the Affordable Care Act, remain unaddressed.

At the start of 2017, Congress repealed dozens of regulations written by the Obama administration through the Congressional Review Act. President Trump further promoted deregulation by issuing an executive order stating that two regulations must be eliminated for each new regulation an agency or federal department puts forward.

Early in his presidency, President Trump appointed Neil Gorsuch to the Supreme Court, made dozens of appointments and nominations for federal judgeships, withdrew the U.S. from the Trans-Pacific Trade Partnership, and began the renegotiation process for the North American Free Trade Agreement. The GOP and the President rounded out the year with a legislative victory by passing their sweeping tax reform package in December.

In 2018, Republican leaders will look to build on the momentum gained at the end of 2017. If anything, the tax reform package now signed into law proved that Republicans could still come together and pass significant legislation. The landscape has changed, however, and the Republican margin in the Senate has slimmed. Democrat Doug Jones (D-AL) won a shocking victory in the Alabama Senate special election in December, narrowing the Republican majority in the upper chamber from 52-48 to 51-49. Along with the smaller majority, party leaders will have to discuss the number of seats allocated to each party on committees. The narrowed majority in the Senate may require Vice President Mike Pence to cast more tie-breaking votes; he cast six such votes in 2017. The House of Representatives, meanwhile, still has a solid Republican majority with 239 Republicans and 193 Democrats, with 3 seats currently vacant.

Lawmakers have a full plate at the start of 2018. Congress must pass a government funding bill by January 19, as leaders continue to negotiate an increase in the fiscal year 2018 defense and non-defense spending. Other time-sensitive priorities include healthcare legislation on reinsurance and cost-sharing reductions, CHIP, immigration legislation addressing DACA, and a hurricane disaster relief package.

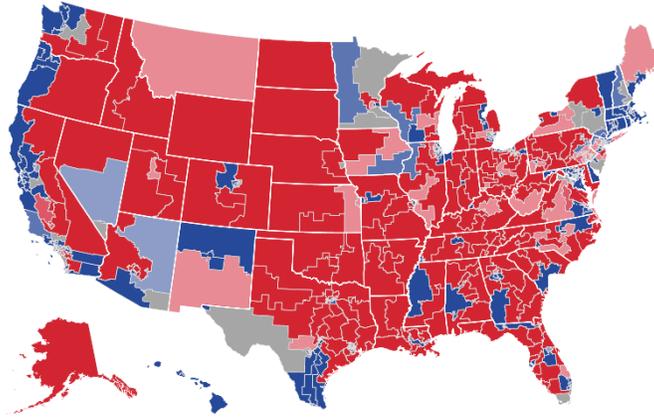
Soon the GOP will plan their legislative agenda for the year at their annual retreat on January 31. The Democrats' retreat date has not yet been announced. Last weekend, President Trump hosted his cabinet, several GOP leaders, and other key Members of Congress at Camp David to discuss the 2018 legislative agenda.

President Trump will give his first-ever State of the Union Address on January 30, and is expected to tout his first-year administrative accomplishments and lay out his policy agenda for the year ahead of the important midterm elections.

The following Troutman Sanders Strategies report will provide an analysis of the policy issues likely addressed by Congress and the administration in the coming months. Additionally, we have included an outlook on the midterm elections and information on departing members of Congress and how they affect leadership positions within the party and on committees.

House Race

Republican Democrat Toss-Up



| SOLID D | LIKELY D | D TOSS-UP | R TOSS-UP | LIKELY R | SOLID R |
|---|---|---|---|--|--|
| AZ - 9 Open CA - 24 Carbajal FL - 13 Crist IA - 2 Loebsack MN - 7 Peterson NH - 2 Kuster NY - 3 Suozzi NY - 18 Maloney OR - 5 Schrader PA - 17 Cartwright WI - 3 Kind | AZ - 1 O'Halleran CA - 7 Bera FL - 7 Murphy FL - 27 Open NJ - 5 Gottheimer NV - 4 Kihuen | MN - 1 Open MN - 8 Nolan NH - 1 Open NV - 3 Open | AZ - 2 McSally CA - 25 Knight CA - 48 Rohrabacher CA - 49 Issa CO - 6 Coffman FL - 26 Curbelo IA - 1 Blum IL - 6 Roskam MI - 11 Open MN - 2 Lewis NE - 2 Bacon NJ - 2 Open NJ - 11 Frelinghuysen NY - 19 Faso TX - 7 Culberson VA - 10 Comstock WA - 8 Open | CA - 10 Denham CA - 39 Royce CA - 45 Walters GA - 6 Handel IA - 3 Young IL - 12 Bost KS - 2 Open KS - 3 Yoder KY - 6 Barr ME - 2 Poliquin MI - 8 Bishop MN - 3 Paulsen NJ - 7 Lance NY - 22 Tenney PA - 6 Costello PA - 7 Meehan PA - 8 Fitzpatrick PA - 15 Open PA - 18 Vacant TX - 23 Hurd TX - 32 Sessions UT - 4 Love | CA - 21 Valadao CA - 50 Hunter FL - 18 Mast GA - 7 Woodall IL - 13 Davis IL - 14 Hultgren MI - 7 Walberg MT - 0 Gianforte NC - 2 Holding NC - 9 Pittenger NC - 13 Budd NJ - 3 MacArthur NM - 2 Open NY - 1 Zeldin NY - 11 Donovan NY - 24 Katko OH - 1 Chabot OH - 15 Stivers OH - 16 Open PA - 16 Smucker VA - 2 Taylor VA - 5 Garrett VA - 7 Brat WI - 6 Grothman |

Source: Cook Political Report, 12/15/17 Ratings

Historically, the party of the President loses seats in mid-term elections. According to The American Presidency Project at the University of California, Santa Barbara, the President's party has averaged a loss of 27 House and 4 Senate seats over the course of the 21 midterm elections between 1934 and 2014. During President Obama's first mid-term in 2010, for example, Democrats lost 63 seats in the House and 6 seats in the Senate. Of course, the President's party has sometimes gained seats in midterms, but those instances are few and far between.

The recent Gubernatorial victories in New Jersey and Virginia last November, the victory by Doug Jones in Alabama in December, and the low approval rating of the President, have emboldened Democrats. However, Republicans maintain a strong majority in the House, and the sheer number of Senate seats being defended by Democrats may not get them to the historical averages.

Additionally, dozens of prominent members from the House and Senate are retiring at the end of their current terms. Six current Republican House committee chairmen and two Senate committee chairmen are retiring at the end of this year. The retirements will allow for new faces to join the Republican party after the elections but will also result in drastic leadership changes at the party and committee level.

The midterm elections will play a pivotal role in how policy in 2018 develops. President Trump and Congressional Republicans will want to achieve additional legislative and regulatory victories to sell to their base as the election nears. Democrats, on the other hand, will likely mitigate or delay major Republican efforts over the next few months to keep their chances of winning majorities in Congress high. If Republicans feel their chances of retaining their majorities are slipping as the year progresses, they may become more inclined to push through more partisan measures before the election.

Members Leaving Congress

| <i>Retiring After Current Term</i> | <i>Resigned/Resigning</i> | <i>Running for Other Office</i> |
|--|---|---|
| <p>Sen. Bob Corker (R-TN, Chairman of the Senate Foreign Relations Committee)</p> <p>Sen. Jeff Flake (R-AZ)</p> <p>Sen. Orrin Hatch (R-UT, Chairman of the Senate Finance Committee)</p> <p>Rep. Sam Johnson (R-TX)</p> <p>Rep. Lynn Jenkins (R-KS)</p> <p>Rep. Ileana Ros-Lehtinen (R-FL)</p> <p>Rep. John Duncan (R-TN)</p> <p>Rep. Niki Tsongas (D-MA)</p> <p>Rep. Dave Reichert (R-WA)</p> <p>Rep. Charlie Dent (R-PA)</p> <p>Rep. Dave Trott (R-MI)</p> <p>Rep. Carol Shea-Porter (D-NH)</p> <p>Rep. Jeb Hensarling (R-TX, Chairman of the House Financial Services Committee)</p> <p>Rep. Lamar Smith (R-TX, Chairman of the House Committee on Science, Space, and Technology Committee)</p> <p>Rep. Frank LoBiondo (R-NJ)</p> <p>Rep. Ted Poe (R-TX)</p> <p>Rep. Bob Goodlatte (R-VA)</p> <p>Rep. Gene Green (D-TX)</p> <p>Rep. Luis Gutierrez (D-IL)</p> <p>Rep. Joe Barton (R-TX)</p> <p>Rep. Sander Levin (D-MI)</p> <p>Rep. Ruben Kihuen (D-NV)</p> <p>Rep. Blake Farenthold (R-TX)</p> <p>Rep. Bill Shuster (R-PA)</p> <p>Rep. Gregg Harper (R-MS, Chairman of the House Administration Committee)</p> <p>Rep. Ed Royce (R-CA, Chairman of the House Foreign Affairs Committee)</p> | <p>Sen. Al Franken (D-MN, left office January 2)</p> <p>Rep. Jason Chaffetz (R-UT, left office in October)</p> <p>Rep. Tim Murphy (R-PA, left office in October)</p> <p>Rep. Pat Tiberi (R-OH, leaving office at the end of January)</p> <p>Rep. John Conyers (D-MI, left office in December)</p> <p>Rep. Trent Franks (R-AZ, leaving office at the end of January)</p> | <p>Rep. John Delaney (D-MD, President)</p> <p>Rep. Kristi Noem (R-SD, Governor)</p> <p>Rep. Michelle Lujan Grisham (D-NM, Governor)</p> <p>Rep. James Renacci (R-OH, Governor)</p> <p>Rep. Tim Walz (D-MN, Governor)</p> <p>Rep. Raul Labrador (R-ID, Governor)</p> <p>Rep. Jared Polis (D-CO, Governor)</p> <p>Rep. Steve Pearce (R-NM, Governor)</p> <p>Rep. Diane Black (R-TN, Governor, Chairwoman of the House Budget Committee)</p> <p>Rep. Colleen Hanabusa (D-HI, Governor)</p> <p>Rep. Beto O'Rourke (D-TX, Senate)</p> <p>Rep. Evan Jenkins (R-WV, Senate)</p> <p>Rep. Jacky Rosen (D-NV, Senate)</p> <p>Rep. Luke Messer (R-IN, Senate)</p> <p>Rep. Todd Rokita (R-IN, Senate)</p> <p>Rep. Lou Barletta (R-PA, Senate)</p> <p>Rep. Kyrsten Sinema (D-AZ, Senate)</p> <p>Rep. Marsha Blackburn (R-TN, Senate)</p> |

2018 Policy Issues

Government Funding & Appropriations

Foremost on Congress' legislative agenda will be funding the federal government beyond the January 19 deadline. The government has been running at fiscal year 2017 levels since Congress passed a continuing resolution in September.

Congressional leaders are currently negotiating an increase to the fiscal year 2018 spending caps for defense and domestic spending put in place by the Budget Control Act. The current cap is \$1.2 trillion and leaders want to raise that by \$100 billion for this fiscal year and a similar amount for next fiscal year. Republicans want to use over half the amount to bolster defense spending, but Democrats want an even increase between defense and non-defense programs.



Last week, White House Budget Director Mick Mulvaney and Legislative Director Marc Short met with Senate Majority Leader Mitch McConnell (R-KY), Senate Minority Leader Chuck Schumer (D-NY), House Speaker Paul Ryan (R-WI), and House Minority Leader Nancy Pelosi (D-CA), to discuss details. Though an agreement was not reached, all parties agreed to continue discussions. McConnell and Ryan have said they want to reach a two-year spending deal. As negotiations continue, another continuing resolution will be needed. House and Senate appropriators will need additional time to parcel out new spending dollars into the 12 annual appropriations bills and determine new agency funding levels.

Congressional leaders must convince members to vote for what could be the fourth continuing resolution since September, and then vote for the omnibus spending package to fund the government through the end of the fiscal year. McConnell will need the support of at least 9 Senate Democrats to avoid a filibuster. Fiscal conservatives, especially in the House, will not support increases in federal spending willingly. Other potential spending riders, such as the Children's Health Insurance Program (CHIP), DACA legislation, or disaster funding, could affect how the votes play out.

Once the 2018 funding process is complete, appropriators will shift to writing fiscal year 2019 spending bills, which begins October 1. Appropriations bills, especially during an election year, are usually filled with policy provisions used as messaging to voters but are unlikely to make it into the final bills.

Debt Ceiling

To add to the fiscal complexities, the Congressional Budget Office estimates that the debt ceiling will be reached in either late March or early September. The ceiling on federal borrowing was last suspended by Congress in September, but the Treasury has been using "extraordinary measures" to continue federal spending since December. Like several other policy provisions, congressional leaders will likely attempt to link a debt ceiling increase with a spending bill for the remainder of fiscal year 2018.

DACA & Immigration

In September, President Trump announced the end of the Deferred Action for Childhood Arrivals program, or DACA. Although the Department of Homeland Security stopped processing new applications for the program, it will continue to renew existing permits until March, giving Congress time to implement

a legislative fix. Many Democrats are demanding that a DACA solution be included in any spending deal. Other Democrats want Congress to take up separate legislation to extend the legal status of the nearly 800,000 people currently in the program. Mitch McConnell has stated that if there is a bipartisan bill the White House supports, it will get a Senate vote. In return for extended legal status, however, Democrats may have to concede an increase to border security; President Trump is asking for \$18 billion to construct a wall along the U.S.-Mexico border.

Healthcare

Healthcare will remain an important issue in 2018 given the recent attempts to repeal and replace the Affordable Care Act (ACA) and the repeal of the individual mandate in the tax reform package. Several health agenda items require action early in the year. Additionally, with the departure of former Health and Human Services Secretary Tom Price, the Department will soon come under new leadership. Alex Azar, HHS Secretary nominee and former executive at Eli Lilly, is expected to be confirmed by the Senate within weeks and could be at the helm of HHS by February. Many senior officials and staff at HHS are expected to stay in their current roles.

Reinsurance & Cost-Sharing Reduction

Despite failing to repeal and replace the ACA in 2017, Republicans will likely return to healthcare and attempt to stabilize the health insurance markets early this year. The tax reform package passed in December included a repeal of the ACA's individual mandate, which will cause the number of uninsured people to increase and raise premium prices. Moreover, in return for her vote on the tax package, Mitch McConnell promised Senator Susan Collins (R-ME) a vote on her state reinsurance legislation. A bill funding the cost-sharing reduction subsidies of the ACA drafted by Senators Lamar Alexander (R-TN) and Patty Murray (D-WA) will likely be considered or bundled with final action on a fiscal year 2018 omnibus spending package. That bill, however, will need to undergo major changes to account for the repeal of the individual mandate.

CHIP

The continuing resolution passed by Congress in December extended Children's Health Insurance Program (CHIP) funding until March 31. Lawmakers are focused on passing a five-year CHIP renewal; the Senate has a long-term bill prepared and the House passed a five-year measure last year. The problem is finding a funding offset. The current extension is partially funded by a transfer from the Prevention and Public Health Fund, but Democrats do not want to continue pillaging the fund to pay for CHIP. The House bill included offsets such as adjusted Medicare premiums for people with high incomes and increased Medicaid third party liability requirements.



Medicare Extenders

Several extensions related to various Medicare payments expired on December 31 of last year, likely leading to early legislative action on the extensions in 2018. The extensions include a delay in funding for rural hospitals that treat uninsured patients, also known as Disproportionate Share Hospitals, and a deferral of the ACA's medical device excise tax.

340B Drug Program

Medicare reimbursement cuts for hospitals participating in the 340B drug discount program went into effect at the beginning of this year and there is bipartisan support to see the cuts either delayed or eliminated. Efforts to get a delay included in the December continuing resolution ultimately failed, so a push may come again in the next federal funding bill. Several oversight hearings on the program, and drug prices in general, were held last year in the House and Senate. That interest will continue into the new year.

Welfare & Medicaid Reform

Republican House leaders have indicated that reform of entitlement and welfare programs will be a top GOP goal for 2018. Any plan to reform entitlements will likely be first outlined in a GOP 2019 budget blueprint and would likely address the Temporary Assistance for Needy Families program, the Supplemental Nutrition Assistance Program (food stamps), Social Security, Medicaid, and Medicare. These programs have long been a target for fiscal conservatives who will likely try to add work requirements to welfare benefits. Politically, welfare reform legislation will be difficult, if not impossible, to get through the Senate where 60 votes would be needed. Majority Leader Mitch McConnell will not bring legislation to the floor with only Republican support and no chance of passing.

Trump administration is also preparing to release guidelines allowing states to impose work requirements for Medicaid recipients. The requirements would only take effect if a state chose to implement them and applied for a waiver from current regulations. Democrats are arguing that the requirements are the administration's attempt to undermine the ACA's Medicaid expansion and will likely fight the changes with lawsuits.

Banking & Financial Services



Much of 2018's agenda for banking and financial services was laid out over the course of 2017. Senate Banking Committee Chairman Mike Crapo (R-ID) and House Financial Services Committee Chairman Jeb Hensarling (R-TX) have a narrow window to finish their priorities for this Congress before progress slows ahead of the 2018 midterm elections. Chairman Hensarling's retirement and potential threats to the Republican majorities could ignite action early in the year. Leader McConnell is far more likely to take up banking and finance reforms than he is other House priorities, such as entitlement reform.

Hensarling also remains a contender for head of the CFPB which would mean an early departure from his Chairmanship and the House. An early exit could significantly impact some of the top agenda items for the remainder of the year. Regardless of the timing, if Republicans hold the majority, a new Chairman is set to take the gavel for the 116th Congress. The lead contenders are currently considered to be Rep. Patrick McHenry (R-NC), Vice-Chairman of the committee, currently still devoting much of his time to the Whip operations in the House, and Rep. Blaine Luetkemeyer (R-MO), chair of the Subcommittee on Financial Institutions and Consumer Credit.

Dodd-Frank Regulatory Reform

Senate Banking Chairman Crapo worked in 2017 to preserve a path toward a bipartisan regulatory reform bill. While Ranking Member Sherrod Brown (D-OH) ultimately did not vote for the final bill (S. 2155), Crapo's legislation did receive the support of 10 other Democrats when it passed in the Committee in December. The bill would lessen the regulatory burden for small and regional lenders,

as well as raise the capital threshold from \$50 billion to \$250 billion for stronger oversight of what are deemed Systemically Important Financial Institutions (SIFI). This would significantly help large regional institutions as well as credit unions and community banks across the country.

Leadr McConnell is expected to bring this bill to a vote on the Senate floor as early as January. The larger uncertainty remains in the House, which until now, has passed smaller regulatory reform measures pulled from its more comprehensive Financial CHOICE Act (H.R. 10), sponsored by Hensarling. It is unclear whether the House will take up the Senate bill if passes, but the most likely scenario would be for the House to take up the bill, possibly with limited amendments, clearing the way for President Trump's signature.

Consumer Finance Protection Bureau

Acting Director Mick Mulvaney will aggressively carry the Trump administration's deregulation agenda at the Consumer and Financial Protection Bureau's (CFPB) in the new year. Many expect Mulvaney, and his eventual successor, to decrease enforcement actions and fines coming out of the CFPB. For example, Mulvaney has already signaled that the CFPB will revise its final rule on prepaid cards, as well as review the rulemaking for the Home Mortgage Disclosure Act (HDMA). The prepaid rule's final form remains unclear, but the CFPB signaled to industry that a substantive delay in the effective date is guaranteed. The CFPB has stated it will not assess penalties against mortgage lenders and banks for errors collected in data in 2018 and will not ask financial institutions to resubmit data if errors are not material, or pay penalties with respect to data errors. Mulvaney is also expected to also review the CFPB's payday lending rule. Mulvaney will likely stop the rule by delaying the effective date or issuing a new rule. The CFPB Director has statutory authority for review of its regulations every five years. Many expect Mulvaney or the next head to use this review authority to amend the qualified mortgage (QM) and mortgage disclosure rules. The mortgage industry remains in need of clarity on TILA-RESPA Integrated Disclosure (TRID) compliance.



Speculation continues over who President Trump will choose to permanently succeed former Director Richard Cordray, who resigned in November. National Credit Union Administration Chair J. Mark McWatters has emerged in discussion to lead the agency, joining the shortlist is retiring House Financial Services Committee Chairman, Jeb Hensarling; former Acting Comptroller of the Currency, Keith Noreika; and George Mason University law professor, Todd Zywicki. The timeline remains uncertain for the next head to be named, but some speculate it could be within a month given Mulvaney's dual roles.

Office of the Comptroller of the Currency

Joseph Otting, a former bank executive, took office in November as Comptroller of the Currency (OCC) and will soon begin to lay out his priorities for the coming year. Significant outstanding proposals at the OCC include the fintech charter proposal, originally proposed by former Comptroller Thomas Curry. Otting has commented publicly that he sees a future for a fintech charter, but it remains unclear what shape that might take and what requirements a charter might demand. Otting must also consider in his regulatory proposals why banks have left a vacuum in the small-dollar loan market which has been largely filled by fintech firms. Otting will be forced to clarify his views on the likelihood of a fintech charter in 2018 and what regulatory requirements that charter will entail.

Housing Finance Reform

The Senate Banking and House Financial Service Committees held several hearings over the course of 2017 focusing on reform of the Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac. Housing Finance Reform will remain high on the agenda and will likely be next in line for consideration after Dodd-Frank reform.

The Senate and House have pursued their own reforms separately for now, but Chairman Hensarling has made concessions and has turned away from his previous PATH Act proposals which would have eliminated Fannie and Freddie. He has accepted that affordable housing and a government guarantee in the secondary mortgage market will have to be part of any successful reform effort. Hensarling has expressed openness to ideas, but emphasized that Fannie and Freddie must be wound down, affordable housing must be on budget and results oriented, and the FHA must return to focusing on first-time and low-income homebuyers.

Senators Corker (R-TN) and Mark Warner (D-VA), as well as Chairman Crapo, have previously led housing finance reform efforts in the Senate and are expected to be in the lead again, but it is unclear how broad or limiting their proposal might be. Their legislation is still being drafted, but would likely end Fannie and Freddie while still preserving their core operations of buying mortgages from lenders and securitizing them. The Corker-Warner plan would form successors to Fannie and Freddie that would raise new capital and then be released from government control. Hensarling's new openness gives a possible path for a Senate proposal to move forward with some compromise.

Transportation & Infrastructure

Mitch McConnell has suggested there will be an effort in the Senate to move a transportation and infrastructure package early in the year. Outgoing House Transportation & Infrastructure Committee Chairman Bill Shuster (R-PA) plans on "focusing 100 percent" on infrastructure during his final year, however an FAA reauthorization remains on his plate. The White House has stated that President Trump plans to release his infrastructure proposal early in the year and named it his top objective for 2018.

The President has said in the past that his proposal would include \$1 trillion in spending for the nation's infrastructure, partially funded by government spending and private investment. The President has sent mixed messages on public-private partnerships, but National Economic Council Director Gary Cohn maintains they will be a critical part of the administration's proposal.



Boosting infrastructure spending to rebuild the nation's roads, bridges, and airports could look good for both parties going into the midterm elections, but it is unclear if Democrats will support a plan. Newly elected Senator Doug Jones (D-AL) stated that he wants to work with Republicans on the issue but that still leaves a thin margin in the Senate. House Democrats, already upset the tax reform package didn't include spending for infrastructure or a fix to the Highway Trust Fund, will be more difficult to win over.

Chairman Shuster, however, remains committed to attracting Democrats to his bill. Fiscal conservatives in the House who may be wary of supporting a massive infrastructure spending bill after passing the revenue-reducing tax package could also hold out votes. Funding concerns, as well as the commitment to earmarks will make the passage of a proposal much more difficult for any infrastructure bill.

Regulatory Rollback

At the beginning of his term, President Trump issued an executive order that required federal departments and agencies to eliminate, on average, two regulatory actions for each new regulatory action implemented by the end of the fiscal year. Additionally, the order required agencies to not exceed a regulatory cost allowance or cap, set a zero net costs for fiscal year 2017. According to a report issued by the Office of Management and Budget, in the first eight months of Trump's administration agencies have issued 67 deregulatory actions and only 3 regulatory actions, resulting in savings of \$8.1 billion in regulatory costs. Most of the deregulatory actions came from the Department of the Interior and the Environmental Protection Agency. The President has also issued executive orders improving the review and permitting process for infrastructure projects. The administration's deregulatory efforts will continue through 2018, making it easier and less expensive for companies to produce American energy and complete key infrastructure projects.

Energy and Environment

In tandem with his deregulatory efforts, President Trump and the administration will continue their push for more domestic energy production in 2018 and build off the accomplishments of last year. In 2017, President Trump and Republicans took several actions to promote American energy production. For example, Trump pulled the U.S. from the Paris climate accord, citing its costs to American taxpayers and businesses. In September, the Department of Energy proposed a rule to change the way regional power markets and electric grid operators pay energy plants with more on-site fuel, likely resulting in increased payments to coal and nuclear plants.

The Federal Energy Regulatory Commission must consider that proposal by January 10. On January 4, the Trump administration and the Department of the Interior announced a draft of the National Outer Continental Shelf Oil and Gas Leasing Program for 2019 to 2014. The proposal would open nearly all offshore waters in the Atlantic, Arctic and Pacific to oil and gas drilling. The Energy and Interior proposals are both politically contentious and have already seen intense opposition from both sides of the aisle.



Moving forward, the administration will work on replacing, if not completely removing, the Clean Power Plan put in place by the Obama administration. In December, the Environmental Protection Agency issued a notice requesting public input on a possible replacement plan, a clear sign that the administration intends to act soon.

Legislatively, a broad energy and natural resource policy bill (S. 1460) may get a vote in the Senate. It will be difficult getting a broad bill through the House, which has taken a more piecemeal approach to implementing energy policy. Finally, in the tax reform package Republicans allowed oil drilling in the Arctic National Wildlife Refuge in Alaska. That provision of the bill was also highly controversial.

Cybersecurity & Data Protection

The new year will see a continued push for consensus legislation on cybersecurity standards and the protection of consumers' data. The Equifax breach revelation last September caused congressional outrage and a number of hearings, but legislative proposals have yet to move forward to change security standards and the requirements for disclosures on breaches.

Currently, industry must adhere to a patchwork of state-level standards for protecting sensitive consumer data. It is unanimous that Congress must address the issue, but the consensus on how it takes shape and who leads the effort remains unclear. The financial services sector already adheres to strict data

security standards and would like to see those standards be uniform across the country, however retail is not subject to the same standards and argues small businesses do not possess the same information, thus should not be subject to the same standards.

Outside of industry disagreements on legislative steps to take, there remain partisan and jurisdictional divides. Generally, Democrats have continued to worry about preempting a stronger state law and Republicans have balked at the idea of allowing federal regulators to enact the proper standards. Cybersecurity policy jurisdiction cuts across multiple committee, from House Energy and Commerce and Senate Commerce to House Financial Services, Senate Banking, and the House and Senate Judiciary Committees.

Currently, a Senate working group on data breach legislation is “on hold” while they discuss a solution that is acceptable to all industries. In the House, the Financial Services and Energy and Commerce Committees seem to be communicating more toward taking a possibly coordinated approach. While nothing has emerged, there do seem to be steps toward cross-industry, cross-committee, proposals to address cybersecurity standards and data breach.

Meanwhile, the National Institute of Standards and Technology (NIST) will continue to focus on its cybersecurity framework and set best practices and industry guidelines, but as breaches continue to occur, Congress will feel more and more pressure to act. The European Union’s data breach rules are also set to go into effect in May, which could place increased pressure on lawmakers here to match a global standard.

Farm Bill

House Agriculture Committee Chairman Michael Conaway (R-TX) recently stated that he should be ready to introduce a new farm bill in the first quarter of 2018, well ahead of the September 30, 2018 deadline.



Conaway also said that his staff is currently working on sections of the bill and “swapping plans” with the Congressional Budget Office. Senate Agriculture Committee Chairman Pat Roberts (R-KS) has agreed to move quickly on the bill this year. The next farm bill will focus on improving programs put in place in the last bill, but the largest obstacle will likely be the Supplemental Nutrition Assistance Program. Conservatives favor tightening eligibility standards in the program and have consistently tried to reduce funding for the program, facing staunch Democratic opposition. Recent changes to programs for dairy and cotton have also been politically controversial.

Higher Education Act Rewrite

In December, the House Education and Workforce Committee introduced the PROSPER Act (H.R. 4508) to reauthorize and reform the Higher Education Act. The 542-page bill overhauls the federal student loan provision and loosens certain accountability regulations, among other provisions. In a statement after releasing the bill, Committee Chairwoman Virginia Foxx (R-NC) and Higher Education and Workforce Development Subcommittee Chairman Brett Guthrie (R-KY), said a simple reauthorization of existing programs would not help anyone. Foxx also said the committee would not be holding additional hearings on the bill.

The Senate HELP Committee, meanwhile, is not expected to release its reauthorizing bill until later this year. The Senate HELP Committee held its first hearing on reauthorization in late November which focused on simplifying the FAFSA form. Senate HELP Committee Chairman Lamar Alexander (R-TN) has

said it will be a top priority for the committee in 2018, probably after healthcare issues are addressed. Senator Alexander has advocated for many of the provisions included in the House version in the past, but the Senate committee is likely to take a more bipartisan approach to rewriting the law than the House did. The Higher Education Act was last reauthorized in 2008.

Trade

President Trump campaigned on drastically altering U.S. trade policy. One of his first actions as president was to withdraw the U.S. from the Trans-Pacific Trade Partnership. He also pledged to renegotiate or completely withdraw from the North American Free Trade Agreement, or NAFTA. Later this month, the sixth round of talks to renegotiate NAFTA will take place in Canada, and a consensus between the U.S., Canada, and Mexico does not appear to be immediately within reach.

Trump's trade actions go against the traditional GOP views on free trade. Some GOP members worry the administration could alter NAFTA too dramatically and cancel out the economic benefits of the tax reform package. Members are also concerned the administration is not regularly consulting them on the negotiations as is required under Trade Promotion Authority. Gary Cohn, the National Economic Council Director, and Treasury Secretary Steve Mnuchin have reportedly been trying to alleviate Trump's hardline stance on trade and keep him from imposing tariffs on imports like steel and aluminum.



Additionally, the administration has officially started its discussions with South Korea on amending KORUS, the trade agreement between the two countries. These amendments are likely to be limited in scope, strongly focusing on auto market access, and will not require a vote from Congress. In the future, the administration will pursue a bilateral approach to trade agreements as opposed to the broader multinational agreements negotiated in the recent past, as several administration officials have indicated. After current NAFTA and KORUS discussions are complete, U.S. Trade Representative Robert Lighthizer could focus on starting a bilateral trade agreement with Japan.

Key Committee Leadership Shifts

**Assuming Republicans retain control of the House and Senate after the midterm elections*

***Committee leadership positions are ultimately chosen by the House and Senate Steering Committees*

| Senate Banking Committee | Senate Finance Committee | Senate Judiciary Committee |
|--|---|---|
| <p>If Sen. Mike Crapo (R-ID), the current chairman, takes over the Senate Finance Committee (discussed below) it will likely leave Sen Pat Toomey (R-PA) in line to take over the coveted committee chairmanship. Sen. Richard Shelby (R-AL) is term limited from taking the gavel back over and would not likely receive a waiver.</p> | <p>Sen. Orrin Hatch (R-UT), the current Chairman of the Senate Finance Committee, recently announced that he would retire at the end of his current term. The most senior members in order on the committee and the most likely candidates to succeed Hatch include Sen. Chuck Grassley (R-IA), the current Chairman of the Senate Judiciary Committee, Sen. Mike Crapo (R-ID), the current Chairman of the Senate Banking Committee, and Sen. Pat Roberts (R-KS), the current Chairman of the Senate Agriculture Committee. If either of these members take the Finance slot it will also open the top spot on their respective committee.</p> | <p>Like the Senate Banking Committee, if Sen. Chuck Grassley (R-IA) gives up his gavel on the Senate Judiciary Committee that will leave an opening at the top spot of the committee responsible for confirming all of Trump's judicial appointments, among other responsibilities. Sen. Lindsey Graham (R-SC) and Sen. John Cornyn (R-TX) could both be potential replacements.</p> |

| House Appropriations Committee | House Financial Services Committee | House Budget Committee |
|---|---|--|
| <p>Although the current Chairman of the House Appropriations Committee, Rodney Frelinghuysen (R-NJ), isn't giving up his chairmanship or retiring, he faces a tough reelection bid in November. If he loses, a battle to succeed him will ensue followed likely by a reshuffling of the cardinals of the 12 subcommittees.</p> | <p>Jeb Hensarling (R-TX), the current Chairman of the House Financial Services Committee, is retiring at the end of his current term. Patrick McHenry (R-NC), the Committee's Vice-Chairman, is the most likely replacement. Blaine Luetkemeyer (R-MO), chair of the Subcommittee on Financial Institutions and Consumer Credit, may also contend for the gavel.</p> | <p>Current House Budget Committee Chairwoman Diane Black (R-TN) is campaigning for Governor and will step down as chairwoman once a successor has been chosen. Reps. Steve Womack (R-AR), Rob Woodall (R-GA), and Bill Johnson (R-OH) are competing for the gavel.</p> |
| House Judiciary Committee | House Transportation & Infrastructure Committee | House Ways & Means Committee |
| <p>Current House Judiciary Committee Chairman Bob Goodlatte (R-VA) is retiring at the end of his current term. In terms of seniority, Jim Sensenbrenner (R-WI) is in line to replace him, though someone else may step up and vie for the gavel.</p> | <p>Recently, current House Transportation & Infrastructure Committee Chairman, Bill Shuster (R-PA), announced he would retire at the end of his term. Given that other senior members are either retiring from Congress or seeking another office, Sam Graves (R-MO) and Jeff Denham (R-CA) appear to be the most likely to take over the gavel.</p> | <p>Although the current Chairman of the House Ways & Means Committee, Kevin Brady (R-TX), is not retiring, the Chairman of the influential Health Subcommittee, Pat Tiberi (R-OH), is leaving at the end of January. It is currently unclear who could take over the gavel. Additionally, Dave Reichert (R-WA), the Chairman of the Trade Subcommittee, and Sam Johnson (R-TX), the Chairman of the Social Security Subcommittee, are both retiring at the end of their current term. The departures make it difficult to determine how committee will look post the midterm election.</p> |

115th Senate & House Leadership

Senate

Senate President – Vice President Mike Pence

Senate President Pro Tempore – Senator Orrin Hatch (R-UT, Retiring)

Senate Majority Leader – Senator Mitch McConnell (R-KY)

Senate Majority Whip – Senator John Cornyn (R-TX)

Senate Republican Conference Chairman – Senator John Thune (R-SD)

Senate Republican Policy Committee Chairman – Senator John Barrasso (R-WY)

National Republican Senatorial Committee Chairman – Senator Cory Gardner (R-CO)

Senate Minority Leader – Senator Charles Schumer (D-NY)

Senate Minority Whip – Senator Dick Durbin (D-IL)

Senate Democratic Caucus Vice Chairs – Senators Mark Warner (D-VA) & Elizabeth Warren (D-MA)

Senate Democratic Policy Committee Chairwoman – Senator Debbie Stabenow (D-MI)

Democratic Senatorial Campaign Committee Chairman – Senator John Tester (D-MT)

House of Representatives

Speaker of the House – Rep. Paul Ryan (R-WI)

House Majority Leader – Rep. Kevin McCarthy (R-CA)

House Majority Whip – Rep. Steve Scalise (R-LA)

House Republican Conference Chairwoman – Rep. Cathy McMorris Rodgers (R-WA)

House Republican Conference Vice-Chair – Rep. Doug Collins (R-GA)

National Republican Congressional Committee Chairman – Steve Stivers (R-OH)

Republican Policy Committee Chairman – Luke Messer (R-IN, Running for Senate)

House Minority Leader – Rep. Nancy Pelosi (D-CA)

House Minority Whip – Rep. Steny Hoyer (D-MD)

House Assistant Minority Leader – Rep. Jim Clyburn (D-SC)

House Democratic Caucus Chairman – Rep. Joe Crowley (D-NY)

House Democratic Caucus Vice-Chair – Rep. Linda Sanchez (D-CA)

CQ Congressional Calendar

CQ 2018 Congressional Calendar



Both chambers in session
 Senate only in session

January

| Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. |
|------|---------------------|---------------------------------------|------|--------|------|------|
| | 1 New Year's Day | 2 | 3 | 4 | 5 | 6 |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 MLK Day | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 Martin Luther King Jr. Birthday | 31 | | | |

February

| Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. |
|------|-----------------------|-------|------|--------|------|------|
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 Presidents' Day | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | | | |

March

| Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. |
|------|------|-------|------|--------|--|-------------------------|
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 St. Patrick's Day |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 Good Friday, Passion Week (begins) | 31 |

April

| Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. |
|--------------------|------|-------|------|--------|------|------|
| 1 Easter Sunday | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 Good Friday | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | | | | | |

May

| Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. |
|--------------------|--------------------|-------------|--------------------|--------|------|------|
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 Mother's Day | 14 | 15 | 16 Memorial Day | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 Father's Day | 29 Vesak | 30 | 31 | | |

June

| Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. |
|--------------------|------|-------|------|--------|------------------|------|
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 Juneteenth | 16 |
| 17 Father's Day | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |

July

| Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. |
|------|------|-------|-----------------------|--------|------|------|
| 1 | 2 | 3 | 4 Independence Day | 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

| Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. |
|------|------|-------|----------------------|--------|------|------|
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 Back to School | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 | |

September

| Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. |
|----------------------------|----------------|---------------------------|------|--------|------|------|
| | | | | | | 1 |
| 2 | 3 Labor Day | 4 | 5 | 6 | 7 | 8 |
| 9 First Monday (begins) | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 First Monday (ends) | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | | | | | | |

October

| Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. |
|-------------------|------|-------|------|--------|------|------|
| 1 Columbus Day | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 Columbus Day | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

November

| Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. |
|------|-----------------------------|-------------------|-------------------|------------------------|------|------|
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 Election Day | 7 Election Day | 8 | 9 | 10 |
| 11 | 12 Veterans Day Observed | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 Thanksgiving Day | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | |

December

| Sun. | Mon. | Tues. | Wed. | Thurs. | Fri. | Sat. |
|------------------------|------|---------------------|------|--------|------|------|
| | | | | | | 1 |
| 2 Hanukkah (begins) | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 Christmas Day | 26 | 27 | 28 | 29 |
| 30 | 31 | | | | | |

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Troutman Sanders law firm recognized the evolving complexities in the interface between business and government, and clients were bringing issues before the firm that required interaction with government beyond legal representation. As demands increased and the client list grew, the firm formed a dedicated team of specialists who could concentrate exclusively on government matters. Our government affairs practice has expanded from a single-office operation into a comprehensive, national issue and project management firm. Today, with offices in [Georgia](#), [North Carolina](#), [Virginia](#), and [Washington, D.C.](#), Troutman Sanders Strategies serves clients all across the country.

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