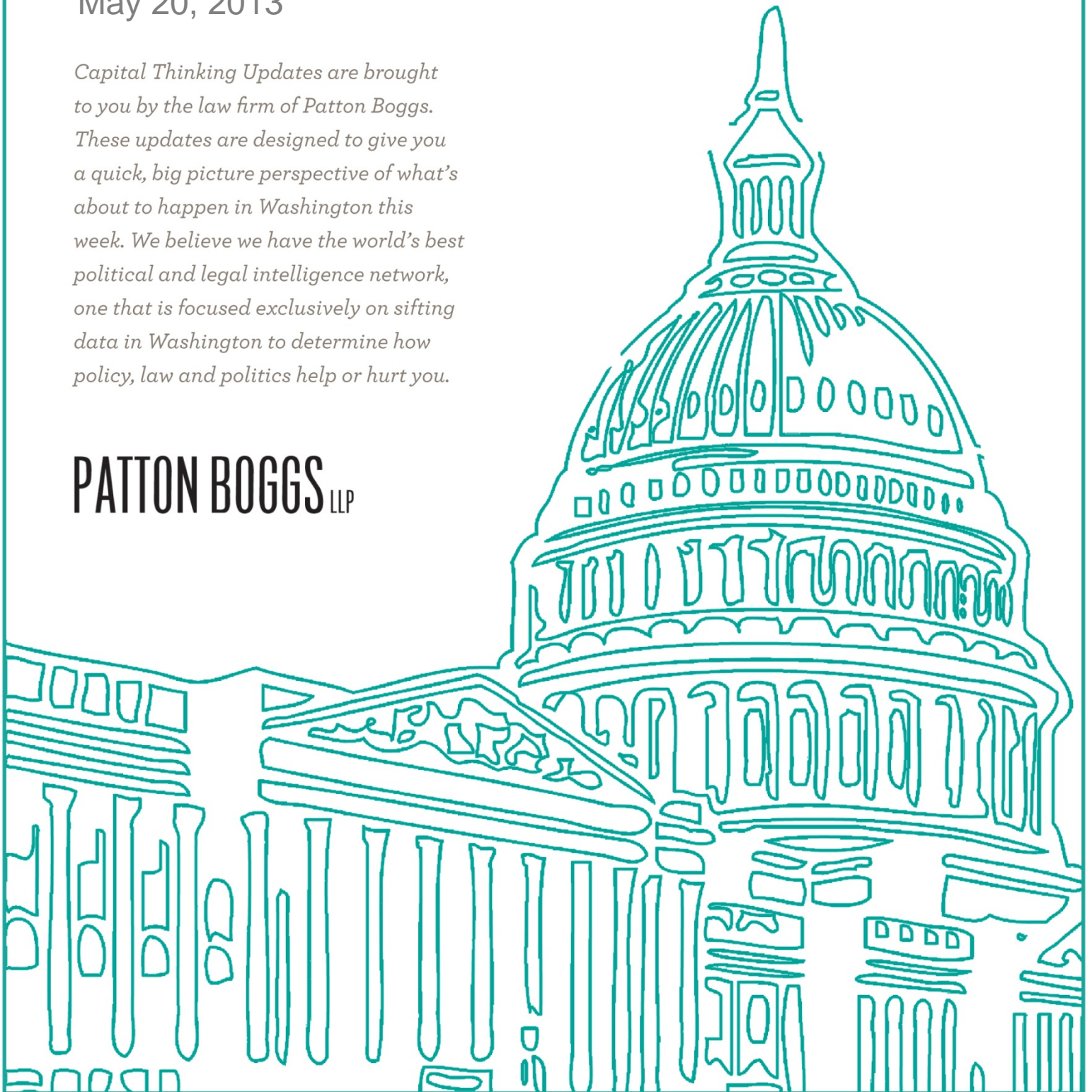


CAPITAL **thinking** UPDATES

May 20, 2013

Capital Thinking Updates are brought to you by the law firm of Patton Boggs. These updates are designed to give you a quick, big picture perspective of what's about to happen in Washington this week. We believe we have the world's best political and legal intelligence network, one that is focused exclusively on sifting data in Washington to determine how policy, law and politics help or hurt you.

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General Legislative

Today, May 20, the House will meet at 12:00 pm for morning hour and 2:00 pm for legislative business. Votes will be postponed until 6:30 pm. Legislation Considered Under Suspension of the Rules will include: (1) [H.R. 258](#) - Stolen Valor Act of 2013; and (2) [H.R. 1073](#) - Nuclear Terrorism Conventions Implementation and Safety of Maritime Navigation Act of 2013. On Tuesday, May 21, the House will meet at 10:00 am for morning hour and 12:00 pm for legislative business.

Legislation Considered Under Suspension of the Rules will include: (1) [H.R. 1412](#) - Improving Job Opportunities for Veterans Act of 2013; (2) [H.R. 570](#) - American Heroes COLA Act, as amended; (3) [H.R. 1344](#) - Helping Heroes Fly Act, as amended; (4) [H.R. 324](#) - To grant the Congressional Gold Medal, collectively, to the First Special Service Force, in recognition of its superior service during World War II, as amended; (5) [S. 982](#) - Freedom to Fish Act; and (6) [S.Con.Res. 16](#) - Authorizing the use of Emancipation Hall for the unveiling of a statue of Frederick Douglass. On Wednesday, May 22, the House will meet at 10:00 am for morning hour and 12:00 pm for legislative business.

Legislation Considered Under Suspension of the Rules will include: (1) [H.R. 271](#) - Resolving Environmental and Grid Reliability Conflicts Act of 2013; and (2) H.R. 1949 - Improving Postsecondary Education Data for Students Act, as amended. The House will also consider [H.R. 3](#) - Northern Route Approval Act, Rules Committee Print (Subject to a Rule). On Thursday, May 23, the House will meet at 9:00 am for legislative business. Legislation under consideration will include [H.R. 1911](#) - Smarter Solutions for Students Act, Rules Committee Print (Subject to a Rule).

The Senate will convene today, May 20, at 2:00 pm and begin a period of morning business. Thereafter, the Senate will begin consideration of [S.954](#), the Farm Bill.

Agriculture and Food

LEGISLATIVE ACTIVITY

- **Farm Bill Timeline.** The Senate will take up the Farm Bill at 3:00 pm today, Monday, May 20. Most likely on Tuesday, the Senate will start to vote on amendments and will continue voting throughout the week. We do not expect, however, for final votes to occur until after the Memorial Day recess to possibly allow for Senate consideration of the immigration reform bill. House Agriculture Committee Chairman Frank Lucas (R-OK) has shared that the House leadership plans to bring the bill to the floor in June. The Agriculture Committee leadership in both chambers has stated that they aim to conference the bill before the Farm Bill extension expires on September 30.
- **Senate Farm Bill Markup.** On Tuesday, May 14, the Senate Agriculture Committee passed its version of the Farm Bill by a vote of 15 to 5 without any nutrition and commodity title amendments.

Senators Pat Roberts (R-OK), Mitch McConnell (R-KY), Mike Johanns (R-NE), John Thune (R-SD), and Kirsten Gillibrand (D-NY) voted no. Highlights include:

- Defeat of an amendment to eliminate target prices for all crops except rice and peanuts.
 - Defeat of an amendment to decouple the crop insurance program from conservation compliance requirements.
 - Withdrawal of an amendment that would have eliminated country-of-origin labeling requirements for meat.
- **House Farm Bill Markup.** On Wednesday, May 15, the House Agriculture Committee passed its version of the Farm Bill by a vote of 36 to 10. Representatives Bob Goodlatte (R-VA), Bob Gibbs (R-OH), David Scott (D-GA), Marcia Fudge (D-OH), Jim McGovern (D-MA), Gloria Negrete McLeod (D-CA), Filemon Vela (D-TX), Michelle Lujan Grisham (D-NM), Juan Vargas (D-CA), and Joe Courtney (D-CT) voted no. Highlights include:
- Adoption of an amendment that would prohibit states from setting agricultural production standards for foods sold in their states, but produced or manufactured in other states.
 - Withdrawal of an amendment to eliminate country-of-origin labeling requirements for meat.
 - Defeat of an amendment to restore full Supplemental Nutrition Assistance Program (SNAP) funding, as the base bill cuts the program by \$20 billion.
 - Repeal of the Grain Inspection, Packers and Stockyards Administration livestock marketing regulations.
 - Defeat of amendment that would eliminate the stabilization program under the Dairy Security Act.
 - Withdrawal of an amendment to ban horse slaughter.
- **Agricultural Workers.** Last Thursday, May 16, the House bipartisan group working on comprehensive immigration legislation appeared to reach an “agreement in principle” and reported that they will continue to work towards a single, comprehensive bill. Negotiations are expected to proceed.

Meanwhile, the House Judiciary Subcommittee on Immigration and Border Security held a hearing on the stand-alone agricultural worker bill (H.R. 1773) introduced by Full Committee Chairman Bob Goodlatte (R-VA), who is pushing forward his piecemeal plan for immigration reform. At the hearing, farmworker advocates argued that the House stand-alone legislation limits worker protections and does not offer a path to permanent legal status or citizenship. Farmer and food processor representatives, along with the Chairman, praised the stand-alone bill, explaining that it includes in one program workers for farmers and for food processors, while the Senate bill separates them out. While Chairman Goodlatte said this will help ensure a stable, legal workforce for processors and farmers alike, Subcommittee Ranking Member Zoe Lofgren (D-CA) called the bill unworkable.

Contact Information

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Budget and Appropriations

- **Congressional FY 2014 Appropriations Activity.** On Tuesday, May 21, the House Appropriations Committee will take up its first FY 2014 spending bills as well as the topline funding allocations for each of the twelve appropriations bills, known as 302(b) allocations. As provided in the FY 2014 House Budget Resolution (H. Con. Res. 25), Appropriations Chairman Hal Rogers (R-KY) utilized an overall discretionary spending limit of \$967 billion to set the funding parameters for his subcommittees. His proposal directs \$625 billion to the Defense, Military Construction-Veterans Affairs (MilCon), and Homeland Security bills, forcing significant cuts to the remaining nine bills, with Labor-HHS-Education and Financial Services facing reductions of over 20 percent. These measures fund two of the President's most controversial initiatives: healthcare reform (P.L. 111-148; P.L. 111-152) and the Dodd-Frank Act (P.L. 111-203).

The MilCon and Homeland Security spending bills, approved last week, will be considered by the full committee on Tuesday and Wednesday respectively, with the intent to bring them to the House floor in June. While not yet scheduled, the Defense bill is likely to be the next bill to see action in the committee. Moving the remaining bills presents a greater challenge given the domestic spending cuts that Democrats strongly oppose.

On the Senate side, Appropriations Chairwoman Barbara Mikulski (D-MD) anticipates announcing her committee's 302(b) allocations in June. As previously reported, Chairwoman Mikulski intends to move forward with a topline discretionary spending limit of \$1.058 trillion, which assumes that the sequester is repealed before the start of the next fiscal year.

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Cybersecurity

LEGISLATIVE BRANCH ACTIVITY

- **Cybersecurity Funding Priorities.** At a hearing featuring Treasury Secretary Jacob Lew, Senate Appropriations Committee Chairman Barbara Mikulski (D-MD) indicated that she would like to work

with the Department of the Treasury to develop strategies to help individuals and companies protect themselves from cyber espionage and identity threats. She also plans to work closely with the chairmen of the Senate Appropriations subcommittees to ensure that the FY 2014 appropriations bills adequately fund the cybersecurity programs across the federal government. Chairman Mikulski may also hold a hearing in the coming weeks specifically related to cybersecurity to ensure that all Senate appropriators understand how serious cyber threats are to the public and private sectors.

▪ **This Week's Hearings:**

- Tuesday, May 21: The House Energy and Commerce Committee will hold a hearing titled "Cyber Threats and Security Solutions." This hearing will focus on how the federal government and the private sector are working together to increase the security of the nation's critical infrastructure and mitigate potential exposure to cyber attacks.
- Tuesday, May 21: The House Energy and Commerce Subcommittee on Communications and Technology will hold a hearing titled "Cybersecurity: An Examination of the Communications Supply Chain." This hearing will examine how the communications industry addresses the security of its supply chain.

EXECUTIVE BRANCH ACTIVITY

- **General Services Administration Request for Information.** The General Services Administration (GSA) issued a Request for Information (RFI) last week to solicit comments on the feasibility of including cybersecurity standards in the federal acquisitions process. As required by the President's February Executive Order (EO), GSA and the Department of Defense (DOD) have formed the Joint Working Group on Improving Cybersecurity and Resilience through Acquisition to make recommendations on the feasibility, security benefits and relative merits of incorporating security standards into acquisition planning and contract administration. Comments on the RFI are due on June 12.
- **SEC Cybersecurity Guidance.** In a recent letter to Congress, Securities and Exchange Commission (SEC) Chairman Mary Jo White said that the SEC is looking into its current cybersecurity disclosure practices and overall compliance with SEC guidance in this area. Her letter was in response to a request from Senate Commerce, Science, and Transportation Committee Chairman John Rockefeller (D-WV) that the Chairman issue guidance requiring publicly traded companies to disclose significant cyber incidents if they pose a risk to investors. The current SEC guidance was issued by agency staff, not the SEC commissioners, and some companies have chosen not to follow the recommendations of the SEC staff when disclosing risk related to cybersecurity.

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Defense

EXECUTIVE AND LEGISLATIVE BRANCH ACTIVITY

- **Pentagon Furloughs.** Last week, Secretary of Defense Chuck Hagel notified Pentagon civilian employees that approximately 80 percent will be furloughed for 11 days this fiscal year, by the end of September. Up to 20 percent of civilian employees however would be spared the mandatory unpaid leave. These employees, such as 30,000 shipyard workers, were exempted due to safety or military readiness needs. The furloughs will begin July 8.
- **Pentagon Budget.** Last week, House appropriators said they will allocate \$512.52 billion for its *Fiscal Year 2014 Defense Authorization* bill. This is \$14.08 billion less than President Obama's FY 2014 Budget request of \$526.6 billion. Also last week, the Pentagon requested Congress approve \$79.5 billion for combat operations. The war operations proposal was not included in the Pentagon's main budget proposal for FY 2014. This week, the Senate is expected to release its topline number for its FY 2014 Defense appropriations bill.
- **Syria.** Despite President Obama again saying last week the United States will not unilaterally intervene in Syria, some Members of Congress are still arguing in favor of U.S. military action. This week, the House Homeland Security Subcommittee on Counterterrorism and Intelligence will hold a hearing to assess the threat to the United States from al Qaeda operations in Iran and Syria. Last week, senior Pentagon officials conducted a classified briefing for the Senate Armed Services Committee.
- **Sexual Assaults.** Last week, after the third revelation in less than two weeks of a purported military leader in charge of preventing sex-related misconduct engaging in such misconduct, President Obama met Secretary Hagel and Joint Chiefs of Staff Chairman Martin Dempsey on the widely reported problem. The President said he has ordered the Pentagon to "leave no stone unturned" in the effort to stop the abuse.
- **Defense Federal Acquisition Regulation Supplement (DFARS).** The Department of Defense is proposing to amend the DFARS to implement sections of the *National Defense Authorization Act of 2012 and 2013*. The proposed rule, *Defense Federal Acquisition Regulation Supplement: Detection and Avoidance of Counterfeit Electronic Parts* (DFARS Case 2012-D055), would hold contractors responsible for detecting and avoiding the use or inclusion of counterfeit electronic parts or suspect counterfeit electronic parts. The 60-day public comment period ends July 15. Key changes include:
 - new or expanded definitions of "electronic part", "counterfeit electronic part", "suspect counterfeit electronic part", "covered contractor" and "legally authorized source;"
 - the addition of a requirement for compliance with the rules for identifying, avoiding, and reporting counterfeit parts to the existing requirements for a contractor's purchasing system; and

- the determination that the costs of counterfeit electronic parts or suspect counterfeit electronic parts, or the cost of rework or corrective action that may be required to remedy the use or inclusion of such parts, are unallowable.
- **Contractor Fraud.** This week, the Defense Department sent Congress *Enhancement of Department of Defense Capabilities to Deter and Respond to Contractor Fraud*, a legislative proposal to be included in the *FY 2014 National Defense Authorization Act*. The measure would request the power to withhold contract payments from firms accused, but not necessarily convicted, of bribing officials to win contracts. The burden of proof applicable to such actions against contractors is the preponderance of the evidence standard. If enacted, the federal government would be able to:
 - assess exemplary damages under a breached contract, even if that contract has been fully performed, and
 - withhold payments when a contractor is accused of offering a bribe, up to ten times the amount of the bribe.
- **This Week's Hearings:**
 - Wednesday, May 22: The House Homeland Security Subcommittee on Counterterrorism and Intelligence will hold a hearing on *Assessing the Threat to the Homeland from al Qaeda Operations in Iran and Syria*. Witnesses have yet to be posted.

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Education

LEGISLATIVE ACTIVITY

- **Student Loan Interest Rates.** On Thursday, May 16, the House Committee on Education and the Workforce reported out favorably the [Improving Postsecondary Education Data for Students Act](#) (H.R. 1949) and the [Smarter Solutions for Students Act](#) (H.R. 1911). The *Improving Postsecondary Education Data for Students Act* would direct the Department of Education to convene an Advisory Committee to conduct a study on the data available and factors students and families consider in advance of choosing a college, while the *Smarter Solutions for Students Act* would provide a long-term fix to student loan interest rates. The House has scheduled floor consideration for H.R. 1949 on Wednesday, May 22, and H.R. 1911 on Thursday, May 23.

Meanwhile, Senate Democrats have introduced a bill to extend the federally subsidized student loan interest rate at 3.4 percent until the issue can be considered as part of the Higher Education Act reauthorization. The Senate bill (the [Student Loan Affordability Act of 2013](#), S. 953), which would be

paid for through changes to tax law affecting retirement accounts, the oil industry, and tax deductions for foreign companies, is not likely to gain much Republican support.

▪ **This Week's Hearing:**

- Tuesday, May 21: House Committee on Education and the Workforce will hold a hearing titled, "Reviewing the President's Fiscal Year 2014 Budget Proposal for the U.S. Department of Education." Education Secretary Arne Duncan will be testifying.

Contact Information

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Environment

LEGISLATIVE ACTIVITY

- **U.S. Forest Service.** On Wednesday, May 22, the Senate Committee on Appropriations, Subcommittee on Department of the Interior, Environment and Related Agencies, will hold a hearing to examine proposed budget estimates for fiscal year 2014 for the United States Forest Service.
- **Water Quality.** On Wednesday, May 22, the Senate Committee on Environment and Public Works, Subcommittee on Water and Wildlife, will hold hearings to examine nutrient trading and water quality.
- **Agriculture.** On Thursday, May 23, the Senate Committee on Appropriations, Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies, will hold hearings to examine proposed budget estimates for fiscal year 2014 for agencies within the Department of Agriculture.
- **Federal and State Lands.** On Tuesday, May 21, the House Committee on Natural Resources, Subcommittee on Public Lands and Environmental Regulation, will hold an oversight hearing titled "Perspectives on the Management of Federal and State Land." Governor Gary Herbert (R-UT), Chairman of the Western Governors' Association, will testify.
- **Fisheries.** On Tuesday, May 21, the House Committee on Natural Resources, Subcommittee on Fisheries, Wildlife, Oceans and Insular Affairs, will hold an oversight hearing concerning data collection issues concerning the reauthorization of the Magnuson-Stevens Fishery Conservation and Management Act.

REGULATORY ACTIVITY

- **Advisory Committee on Water Information.** The U.S. Department of the Interior is seeking nominations for individuals to serve on the Advisory Committee on Water Information (ACWI). The purpose of the ACWI is to represent the interests of water information users and professionals in advising the federal government on federal water-information programs and their effectiveness in meeting the nation's water-information needs. The ACWI will have a maximum of 35 members.

Members will represent the interests of water oriented organizations and will be selected from among, but not limited to the following groups: Federal agencies, professional water-related associations, State and county water-related associations, academia, private industry, water utility associations, civil engineering societies, watershed and land conservation associations, ecological societies, lake, coastal, and ocean associations, environmental and educational groups.

- **Biofuels.** The U.S. Department of Energy will present a live webcast entitled "Biomass and the Military" on Wednesday, May 29 from 12:30 pm to 2:00 pm. The discussion will focus on the joint efforts between the Energy Department and the U.S. Navy to use bio power and biofuels in military vehicles. The webinar will provide an overview of recent updates on the plans and goals laid out by the Defense Production Act and the pilot- and demonstration-scale funding opportunity. Both efforts are intended to prepare for the eventual commercialization of sustainable domestic biofuels. Register [here](#) to attend the webinar.
- **Conservation Banking.** The U.S. Fish and Wildlife Service (USFWS) is inviting comments on its collection of data for its Conservation Banking Survey. Conservation banks are permanently protected lands that contain natural resource values, which are conserved and permanently managed for species that are endangered, threatened, candidates for listing as endangered or threatened or are otherwise species-at risk. The habitat preserved in conservation banks is used to offset adverse impacts to species that occurred elsewhere. The USFS approve habitat or species credits that bank owners may sell in exchange for permanently protecting and managing habitat for these species. Comments are due July 15.

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Financial Services

LEGISLATIVE ACTIVITY

▪ This Week's Hearings:

- Tuesday, May 21: The House Agriculture Committee will hold a hearing titled "The Future of the CFTC: Market Perspectives." The hearing will discuss potential reauthorization of the Commodities Futures Trading Commission (CFTC).
- Tuesday, May 21: The House Financial Services Subcommittee on Financial Institutions and Consumer Credit Subcommittee will hold a hearing titled "Qualified Mortgages: Examining the Impact of the Ability to Repay Rule," to examine the Consumer Financial Protection Bureau's (CFPB) Ability to Repay/Qualified Mortgage rule and the effect it will have on the ability of consumers to access credit and buy homes. The witnesses will be: Mr. Peter Carroll, Assistant Director for Mortgage Markets at the CFPB and Ms. Kelly Cochran, Assistant Director for Regulations at the CFPB.
- Tuesday, May 21: The House Financial Services Subcommittee on Monetary Policy and Trade Subcommittee will hold a hearing titled "The Unintended Consequences of Dodd-Frank's Conflict Minerals Provision." The hearing will assess the unintended consequences of the conflict minerals provision of the Dodd-Frank Act, which requires the Securities and Exchange Commission (SEC) to promulgate rules for public companies to disclose their use of minerals that originated in the Democratic Republic of Congo. The witnesses will be: Mr. David Aronson, Freelance Writer, Editor of www.congoresources.org; Mr. Mvemba Dizolele, Peter Duignan Distinguished Visiting Fellow, Hoover Institution; Mr. Rick Goss, Vice President of Environment and Sustainability, Information Technology Industry Council; Ms. Sophia Pickles, Policy Advisor, Global Witness.
- Tuesday, May 21: The Senate Banking Committee will discuss the Financial Stability Oversight Council's (FSOC) Annual Report, presented by Treasury Secretary Jack Lew.
- Wednesday, May 22: The Joint Economic Committee will hold a hearing titled "The Economic Outlook." The witness will be Ben Bernanke, Chairman of the Federal Reserve.
- Wednesday, May 22: The House Financial Services Committee will discuss the FSOC's Annual Report, presented by Treasury Secretary Jack Lew.
- Wednesday, May 22: The House Financial Services Oversight and Investigations Subcommittee will examine how the Department of Justice determines whether a financial institution is "Too Big to Jail." In testimony earlier this year before the Senate Judiciary Committee, Attorney General Eric Holder stated that some financial institutions are "so large that it does become difficult" for the Department of Justice to prosecute them.

- Wednesday, May 22: The Senate Budget Committee will hold a hearing on tax overhaul efforts as it relates to economic growth and deficit reduction. The witnesses will be: Michael Linden, Managing Director, Economic Policy, Center for American Progress; Adam Looney, PhD, Senior Fellow, Economic Studies, The Brookings Institution; Veronique de Rugy, PhD, Senior Research Fellow, Mercatus Center at George Mason University.
- Thursday, May 23: The House Financial Services Subcommittee on Capital Markets and Government Sponsored Enterprises Subcommittee will hold a hearing titled, “Legislative Proposals to Relieve the Red Tape Burden on Investors and Job Creators.” The hearing will examine:
 - the Burdensome Data Collection Relief Act (H.R. 1135)
 - the Small Business Capital Access and Jobs Preservation Act (H.R. 1105)
 - the Audit Integrity and Job Protection Act (H.R. 1564)
 - a proposal to amend Section 913 of the Dodd-Frank Act dealing with the fiduciary duty for broker-dealers.

REGULATORY ACTIVITY

- **House Passes SEC Cost Benefit Analysis Bill.** On Friday, May 17, the U.S. House of Representatives passed H.R. 1062 in a nearly party line vote of 235-161. The “SEC Regulatory Accountability Act,” also known as the SEC Cost-Benefit Analysis legislation, would require the SEC to formally adopt more rigorous cost-benefit analyses practices. The legislation is unlikely to advance in the Senate.
- **CFTC Finalizes New Rules on Swaps.** On Thursday, May 16, the CFTC approved final rules in several key areas of swaps reform. Particularly, the CFTC approved a final rule regarding the core principles and requirements for swap execution facilities (SEFs) in a 4-1 vote, and a final “made available to trade” rule and “swaps block” rule in a 3-2 vote. In addition, the CFTC unanimously approved final interpretive guidance and a policy statement on disruptive practices.

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Health Care

LEGISLATIVE ACTIVITY

- **House E&C Hearings.** The House Committee on Energy and Commerce Subcommittee on Oversight and Investigations will hold a hearing on Monday, May 20, on “Health Insurance Premiums Under the Patient Protection and Affordable Care Act.” The Subcommittee has also scheduled a hearing on Wednesday, May 22 on “Examining SAMHSA’s Role in Delivering Services to the Severely Mentally Ill.” The Subcommittee on Health will hold a hearing on Thursday, May 23 titled “Examining Drug Compounding.”
- **House VA Hearing.** The House Committee on Veterans Affairs will hold a legislative hearing on “The Veterans Integrated Mental Health Care Act of 2013” on Tuesday, May 21.
- **House Ways and Means Hearing.** The House Committee on Ways and Means Subcommittee on Health will hold a hearing on Tuesday, May 21 on the President’s and Other Bipartisan Proposals to Reform Medicare.
- **Senate HELP Hearing.** The Senate Committee on Health, Labor, Education and Pensions will meet in Executive Session on Wednesday, May 22 to consider S.___, the Pharmaceutical Compounding Quality and Accountability Act and S.___, the Drug Supply Chain Security Act.
- **Senate Government Affairs Hearings.** The Senate Committee on Homeland Security and Government Affairs Subcommittee on Financial and Contracting Oversight has scheduled the second hearing in the series on Wednesday, May 22 on “Oversight and Business Practices of Durable Medical Equipment Companies.” The Subcommittee on the Efficiency and Effectiveness of Federal Programs and the Federal Workforce will also hold a hearing on Thursday, May 23 on “Improving Federal Health Care in Rural America: Developing the Workforce and Building Partnerships.”
- **Senate Aging Hearing.** The Senate Special Committee on Aging will hold a hearing on Wednesday, May 22 on “10 Years Later: A Look at the Medicare Prescription Drug Program.”

REGULATORY ACTIVITY

- **PCORI Funding Announcement.** The Patient-Centered Outcomes Research Institute (PCORI) opened its second year of funding of patient-centered comparative clinical effectiveness research (CER), revising its broad funding announcements to clarify key review criteria and application definitions. PCORI plans to award up to \$81 million in this newly announced round of PCORI Funding Announcements (PFAs). With this latest funding opportunity, plus previous calls for research proposals and plans to offer additional PFAs later this year, PCORI aims to commit to at least \$355 million in support for patient-centered CER in 2013. The PFAs seek proposals for innovative projects that address the five focal areas of PCORI’s National Priorities for Research and Research Agenda.

- Innovation Awards.** The Centers for Medicare & Medicaid Services (CMS) released a Funding Opportunity Announcement for round two of the Health Care Innovation Awards. Under this announcement, CMS will spend up to \$1 billion for awards and evaluation of projects from across the country that test new payment and service delivery models that will deliver better care and lower costs for Medicare, Medicaid, and Children's Health Insurance Program (CHIP) enrollees. This second round of Health Care Innovation Awards differs from the first round in that CMS is specifically seeking innovations in four areas: rapidly reducing costs for patients with Medicare and Medicaid in outpatient hospital and other settings; improving care for populations with specialized needs; testing improved financial and clinical models for specific types of providers, including specialists; and linking clinical care delivery to preventive and population health. Letters of intent to apply are due on June 28 by 3:00 pm ET. Applications are due on August 15 by 3:00 pm ET. Awards are anticipated to be announced in the winter of 2014.
- Regs at OMB.** The following proposed rules are currently under review at the Office of Management and Budget: State Long-Term Care Ombudsman Program (ACL); Exchanges: Additional Program Implementation (CMS-9957-P); and Proposed Revisions To Implement Portions of Title XI of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 and Other Changes (FDA). OMB is also reviewing a number of final rules including: Medicaid, Exchanges, and Children's Health Insurance Programs: Eligibility, Appeals, and Other Provisions Under the Affordable Care Act (CMS-2334-F); Establishment of Exchanges and Qualified Health Plans; Small Business Health Options Program (SHOP) (CMS-9964-F2); Conditions of Participation (CoPs) for Community Mental Health Centers (CMHCs)(CMS-3202-F); Pre-Existing Condition Insurance Plan; High Risk Pool Interim Final Rule (CMS-9995-F); Medicare Advantage (MA) and Prescription Drug Benefit Programs: Medical Loss Ratio Requirements (CMS-4173-F); Requirements for Long-Term Care Facilities: Hospice Services (CMS-3140-F); Infant Formula: Current Good Manufacturing Practices; Quality Control Procedures; Notification Requirements; Records and Reports; and Quality Factors (FDA); 340B Orphan Drug Exclusion (HRSA); and Add Vascularized Composite Allografts to the Definition of Organs Covered by the Rule Governing the Operation of the Organ Procurement and Transplantation Network (OPTN) (HRSA).

OTHER HEALTH NEWS

- CBO Updates Baseline.** The Congressional Budget Office (CBO) released its updated 10-year baseline projections of federal spending, revenues, and budget deficits. The projections reflect new information obtained since The Budget and Economic Outlook: Fiscal Years 2013-2023. CBO states that if the current laws that govern federal taxes and spending do not change, the budget deficit will shrink this year to \$642 billion, the smallest shortfall since 2008. Relative to the size of the economy, the deficit this year—at 4.0 percent of gross domestic product (GDP)—will be less than half as large as the shortfall in 2009, which was 10.1 percent of GDP. CBO also posted the data showing the budgetary impact of alternative policies on Medicare's payment to physicians relative to CBO's May 2013 baseline. In addition, CBO posted its May 2013 estimate of the effects of the Affordable Care Act on health insurance coverage.

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Homeland Security

LEGISLATIVE ACTIVITY

- **Budget and Appropriations.** Last week, the House Appropriations Subcommittee on Homeland Security approved the draft Homeland Security 2014 appropriations bill, which gives the President more funding for border agencies than requested in the wake of the Boston bombings and the immigration reform debate. The measure would provide \$38.9 billion in discretionary funding to the Department of Homeland Security overall: \$35 million below the President's request, \$618 million below the fiscal 2013 enacted amount and \$981 million above the current post-sequestration level. Senate Appropriations Committee Chair Barbara Mikulski (D-MD) has pledged to take up all twelve major appropriations bills for 2014, but the two chambers remain far apart due to a disagreement over how to accommodate sequestration budget cuts.
- **Comprehensive Immigration Reform.** Last week the Senate Judiciary Committee marked up the border security provisions of the Border Security, Economic Opportunity, and Immigration Modernization Act (S. 744). Republican critics believe the requirements for border security, which trigger the legalization process for over 10 million undocumented immigrants, are too lax. As the bipartisan Gang of Eight in the House continues to falter, House Judiciary Committee Chairman Robert Goodlatte (R-VA) has pledged to move piecemeal bills through his committee. The House Homeland Security Committee approved the Border Security Results Act of 2013 (H.R. 1417), sponsored by Chairman Michael McCaul (R-TX), which could become a template for the House Judiciary Committee.
- **Maritime Border Security.** Coast Guard Commandant Admiral Robert Papp is voicing concern to lawmakers that successful efforts to secure the land borders may be pushing drug cartels to increase maritime drug smuggling. However, Coast Guard drug patrols are already spread thin, and the agency has had to reduce patrol hours due to sequestration. He suggested targeting foreign fishing fleets, purchasing vessels more quickly to reduce costs, and increasing overall funding. Senate Appropriations Subcommittee Ranking Member Mary Landrieu (D-LA) is pushing to increase the 2014 Coast Guard budget.
- **This Week's Hearings:**
 - Monday, May 20-Friday, May 24: The Senate Judiciary Committee will continue its markup of the Border Security, Economic Opportunity, and Immigration Modernization Act (S. 744).
 - Monday, May 20: The Senate Judiciary Committee will hold a hearing on "The Future of Drones in America: Law Enforcement and Privacy Considerations."

- Tuesday, May 21: The House Homeland Security Committee, Subcommittee on Border and Maritime Security, will hold a hearing on “Visa Security and Overstays: How Secure is America?”
- Tuesday, May 21: The House Homeland Security Committee, Subcommittee on Oversight and Management Efficiency, will hold a hearing on “Why Can’t DHS Better Communicate with the American People?”
- Wednesday, May 22: House Judiciary Committee will hold a hearing on “S. 744 and the Immigration Reform and Control Act of 1986: Lessons Learned or Mistakes Repeated?”
- **House Appropriations Committee:** The Subcommittee on Homeland Security has announced that it will reschedule the March 6, 2013 hearing on the U.S. Customs and Border Protection Budget and Management, but it has not yet finalized a date. U.S. Customs and Border Protection Deputy Commissioner David Aguilar will testify.

Contact Information

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Immigration

LEGISLATIVE ACTIVITY

- **Senate.** The Senate Judiciary Committee will hold its last week of markup on the Border Security, Economic Opportunity, and Immigration Modernization Act (S. 744) on Monday, May 20, through Wednesday, May 22. Committee Chairman Patrick Leahy (D-VT) has announced markup will only take place for those three days, but will go into the night if necessary. He plans to make the Committee Report available for public review during the recess week. The Committee has marked up the border security (Title I), employment-based visa (Title IV), and E-Verify (part of Title III) of the bill so far, and is scheduled to resume Title III markup on Monday, May 20 at 10:00 am. The Committee will then proceed to legalization and the legal immigration system (Title II). However, it is possible that the Committee will return to parts of Title IV to vote on a potential deal between Senator Orrin Hatch (R-UT) and the bipartisan Gang of Eight on several of his amendments to the H-1B visa program, which were not taken up last week.
- **House of Representatives.** The Gang of Eight members of the House of Representatives announced last week that they have a deal “in principle” for a bipartisan bill, after both sides nearly walked away from the negotiations on Thursday, but there are doubts that the deal is solid. However, House Judiciary Committee Chairman Robert Goodlatte (R-VA) has followed through on his plans to take up piecemeal bills that address discrete aspects of the immigration system. He stated that his committee will begin holding hearings on the Agricultural Guestworker Act (H.R. 1773) to reform the temporary agricultural worker program and the Legal Workforce Act (H.R. 1772) to implement the E-

Verify system and discourage hiring of undocumented immigrants. Last week, the House Homeland Security Committee adopted the Border Security Results Act of 2013 (H.R. 1417). Speaker John Boehner (R-OH) has largely stayed out of the discussion but suggested that bills go through the House Judiciary Committee, as he keeps an eye on the Senate process.

▪ **This Week's Hearing:**

- **Senate Judiciary Committee:** The full committee markup of the Border Security, Economic Opportunity, and Immigration Modernization Act will take place Monday, May 20, through Wednesday, May 22.

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International

EXECUTIVE AND LEGISLATIVE BRANCH ACTIVITY

- **Syria.** Last Wednesday, May 15, Senate Foreign Relations Committee Chair Robert Menendez (D-NJ) and Ranking Member Bob Corker (R-TN) introduced legislation that, if passed, would provide lethal weapons and training “to vetted Syrian groups” fighting the Assad regime. Chairman Menendez stated the bill would “change the tipping point in Syria against the Assad regime.” The Senator further warned the United States cannot continue to “watch from the sidelines as the Iranian presence in Syria grows, a growing refugee crisis threatens to destabilize the region, chemical weapons are used against the Syrian people, and al Qaeda-affiliated groups take root there.” Ranking Member Corker concurred with his colleague that the United States “has a vested interest in trying to prevent an extremist takeover” that could have risks to the United States and the region. He also noted the bill does not authorize the use of force by the United States.

The next day, Turkish Prime Minister Recep Tayyip Erdoğan met with President Obama at the White House and advocated for international intervention in Syria. President Obama nevertheless continued to rule out unilateral action by the United States.

Also last week, Russia ignored international pressure and sent antiship cruise missiles (Yakhonts) with an advanced radar capability to Syria. The Russian navy also bolstered its presence in the Mediterranean Sea near its naval base in Syria. Both actions are perceived by analysts to bolster the Syrian regime's position against international intervention.

Meanwhile, there is an attempt to hold an international peace conference on Syria. Russia called on Western states last week to allow Iran to participate in the conference. Western states have said they

prefer that Iran not be at the table. The Syrian opposition may announce whether or not it will participate.

- **White House Visits.** On Monday, in a landmark visit, President Obama will welcome President Thein Sein of Myanmar. The White House said “President Thein Sein’s visit underscores President Obama’s commitment to supporting and assisting those governments that make the important decision to embrace reform.” Prior to the visit, the State Department highlighted some of the positive reforms in Burma, such as the release of over 850 political prisoners and the easing of restrictions on free expression, assembly and movement.
- **Benghazi Oversight.** In an effort to quell the ongoing debate over the September 11, 2012 terrorist attacks on the U.S. Consulate in Benghazi, Libya, the White House released more than 100 pages of e-mails last week. The e-mails focused on the changes made by U.S. intelligence agencies, the State Department and the White House to the official Administration statement that U.S. Ambassador to the United Nations Susan Rice provided after the attacks.

With respect to perceived intelligence failures surrounding the Consulate attacks, the Senate Select Intelligence Committee is reportedly nearing completion of its inquiry. The Committee report is expected to focus on the ground conditions in Benghazi, known intelligence by the CIA, and the FBI’s delayed investigation in the aftermath of the attacks. Since the inquiry reportedly has relied mostly on unclassified information, the report may be released to the public. Meanwhile, last Thursday, President Obama called on Congress to fully fund his FY 2014 Budget request to improve security at U.S. Embassies. House Oversight Committee Chairman Darrel Issa (R-CA) issued a subpoena last Friday to Thomas Pickering to appear before the panel on Thursday about the Accountability Review Board’s report on the Benghazi attacks.

- **Trade.** Last Wednesday, the 17th round of the *Trans-Pacific Partnership* (TPP) negotiations commenced in Lima, Peru. The TPP negotiations are scheduled to last until this Friday, May 24. The United States is reportedly looking to complete technical work on additional chapters, including those on sanitary and phytosanitary (SPS) issues, technical barriers to trade, investment and services. This week the TPP negotiators will finish discussing technical barriers to trade (May 17-22); and start discussions on labor (May 19-23), services (May 20-22), market access (May 20-24) and competition (May 22-24).

Last week at the House Ways and Means Committee hearing on the proposed *Transatlantic Trade and Investment Partnership* (TTIP), Republicans again urged the White House to formally request the renewal of the President’s Trade Promotion Authority, also known as fast-track authority. The Senate Finance Committee may schedule the confirmation hearing for Michael Froman to be U.S. Trade Representative (USTR) after the one-week Memorial Day Congressional recess, which begins this Friday.

- **Iran.** Iran is preparing for its presidential election on June 14. Last week, Iran’s Guardian Council ruled against any women who registered as candidates in the presidential election. Last minute registrations by former President Ali Akbar Hashemi Rafsanjani and Esfandiar Rahim Mashaei, a top aide to outgoing President Mahmoud Ahmadinejad, have reportedly shaken up the election. Both

politicians are regarded as estranged from Iran's Supreme Leader, Ayatollah Ali Khamenei, who has the final say on their candidacy. Iran's top nuclear negotiator, Saeed Jalili, is also a leading candidate in the election. This week, the Guardian Council is expected to release the official list of presidential candidates.

Testifying last week before the Senate Foreign Relations and House Foreign Affairs Committees in separate hearings on Iran, Undersecretary of State for Political Affairs Wendy Sherman said during the Senate hearing the Administration is "looking at additional sanctions enforcement" and targeting additional sectors of the Iranian economy. The Under Secretary also said the Administration supports the legislation the Senate is drafting. On Wednesday, the House will mark-up H.R. 850, *The Nuclear Iran Prevention Act of 2013*. Despite general support for increased sanctions, lawmakers and the Administration generally agree that additional economic pressure likely will not change Tehran's nuclear ambitions.

- **Secretary of State Travel.** Secretary Kerry will travel to Muscat to discuss bilateral and regional issues with Omani officials on Tuesday. On Wednesday, the Secretary will visit Jordan to meet with international partners on Syria. Secretary Kerry next travels Thursday and Friday to Jerusalem and Ramallah in Israel to discuss resuming the Middle East peace talks with Israeli and Palestinian officials. This weekend, the Secretary will meet with Ethiopian officials in Addis Ababa and participate in the Golden Jubilee of the Organization of African Unity at the *African Union Summit*. Secretary Kerry will return to Jordan on Sunday to participate in the *World Economic Forum*, before returning to Washington the next day on May 27.
- **Western Hemisphere.** During the week of May 26, Vice President Biden will travel to Brazil, Colombia, and Trinidad and Tobago. In Brazil, the Vice President will meet with President Dilma Rousseff and Vice President Michel Temer. It is expected the discussion will center on deepening the bilateral economic and commercial partnership. In Colombia, the Vice President will meet with President Juan Manuel Santos, where they are likely to discuss expanding the bilateral relationship beyond security relations. In Trinidad and Tobago, Vice President Biden will meet with Prime Minister Kamla Persad-Bissessar and will discuss promoting economic growth and development, and security and energy issues.
- **Middle East Peace.** According to the State Department, Secretary John Kerry is spending time on reviving the Middle East Peace talks. Last week, Israel revealed it may retroactively declare legal four formerly unauthorized settlements. The United States maintains continued Israeli settlement activity is counterproductive to the peace talks and reaffirmed that it does not recognize the legitimacy of such activity.
- **Russia.** Last week, Russia detained a third Secretary-level U.S. diplomat for allegedly attempting to recruit a Russian intelligence agent.
- **Nominations, Confirmations and Appointments.** Last week, the Senate confirmed Ernest Moniz as Secretary of the Department of Energy. The President also nominated the following individuals last week: (1) Danny Russell to be Assistant Secretary of State for East Asian and Pacific Affairs; (2) Natalie Wyeth Earnest to be Assistant Secretary of the Treasury for Public Affairs; (3) Gregory

Parnham to be Assistant Secretary of Agriculture for Administration; and (4) Jon Holladay to be Chief Financial Officer at the Department of Agriculture. After last week's news Internal Revenue Service (IRS) personnel had improperly targeted conservative groups applying for tax-exempt status, President Obama dismissed the head of the IRS. The President subsequently appointed Daniel Werfel as Acting Commissioner of Internal Revenue.

▪ **This Week's Hearings:**

- Monday, May 20: The House Foreign Affairs Subcommittee on Human Rights will hold a hearing titled *Advocating for American Jacob Ostreicher's Freedom after Two Years in Bolivian Detention*. The Administration is not scheduled to testify.
- Tuesday, May 21: The Senate Foreign Relations Committee will hold a business meeting to review two legislative measures: (1) S. 960, a measure to foster stability in Syria; and (2) a Senate resolution on World Press Freedom Day.
- Tuesday, May 21: The Senate Foreign Relations Subcommittee on South and Central Asian Affairs will hold a hearing on *Prospects for Afghanistan's 2014 Elections*. Deputy Special Representative for Afghanistan and Pakistan David Pearce is scheduled to testify for the State Department.
- Tuesday, May 21: The House Foreign Affairs Committee will hold a hearing on *The Call for Economic Liberty in the Arab World*. The Administration is not scheduled to testify.
- Tuesday, May 21: The House Foreign Affairs Subcommittee on Africa will hold a hearing on *The Growing Crisis in Africa's Sahel Region*. Scheduled to testify are Acting Assistant Secretary of State for African Affairs Donald Yamamoto and Assistant Administrator for USAID's Bureau of Democracy, Conflict and Humanitarian Assistance Nancy Lindborg.
- Wednesday, May 22: The Senate Foreign Relations Subcommittee on International Development and Foreign Assistance will hold a hearing on *Different Perspectives on International Development*. The Administration is not scheduled to testify.
- Wednesday, May 22: The Senate Foreign Relations Committee will hold a confirmation hearing for Dr. Tulinabo Salama Mushingi to be U.S. Ambassador to Burkina Faso and Ms. Catherine Russell to be Ambassador-at-Large for Global Women's Issues.
- Wednesday, May 22: The House Foreign Affairs Committee will mark-up *H.R. 850, The Nuclear Iran Prevention Act of 2013*.
- Wednesday, May 22: The House Homeland Security Subcommittee on Counterterrorism and Intelligence will hold a hearing on *Assessing the Threat to the Homeland from al Qaeda Operations in Iran and Syria*. Witnesses have yet to be posted.
- Wednesday, May 22: The House Foreign Affairs Subcommittee on the Middle East and North Africa will hold a hearing on *FY 2014 Budget Priorities and Challenges for the Middle East and*

North Africa. Scheduled to testify are Acting Assistant Secretary of State for Near Eastern Affairs Beth Jones and Acting Assistant Administrator of USAID's Bureau for the Middle East Alina Romanowski.

- Thursday, May 23: The Senate Foreign Relations Committee will hold a hearing on *European Union Economic Relations: Crisis and Opportunity*. Scheduled to testify are Under Secretary of the Treasury for International Affairs Lael Brainard and Under Secretary of State for Economic Growth Robert Hormats.
- Thursday, May 23: The House Foreign Affairs Subcommittee on the Western Hemisphere will hold a hearing on *U.S.-Mexico Security Cooperation*. Scheduled to testify are Assistant Secretary of State for International Narcotics and Law Enforcement Affairs William Brownfield, Principal Deputy Assistant Secretary of State for Western Hemisphere Affairs John Feeley, and Senior Deputy Assistant Administrator of USAID's Bureau for Latin America Elizabeth Hogan.

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Transportation and Infrastructure

- **WRDA Reauthorization.** On Wednesday, May 15, the Senate passed the Water Resources Development Act of 2013 (S.601) by a vote of 83 to 14, marking another bipartisan triumph for Senate Environment and Public Works Chairman Barbara Boxer (D-CA) and Ranking Member David Vitter (R-LA). Final passage came after a unanimous consent agreement was worked out to deal with dozens of amendments that had been filed – many of which were modified by the Committee leadership and sponsors and adopted en banc; several of which received roll call votes; and the remainder of which were withdrawn. The bill includes the Water Infrastructure Finance and Innovation Act (WIFIA) which had been strongly advocated by local governments and utilities. The bill authorizes \$50 million in budget authority for each EPA drinking water and wastewater projects and Army Corps water resources projects, which will leverage up to \$500 million in annual low interest loans in each category. On the other side of the Capitol, House Transportation and Infrastructure Chairman Bill Shuster (R-PA) gave a rough timeline of this summer for action on a House bill.
- **Secretary of Transportation.** Senate Commerce Chairman Jay Rockefeller (D-WV) announced this week that the Commerce Committee would hold confirmation hearings on the nomination of Mayor Anthony Foxx to be the next Secretary of Transportation on Wednesday, May 22. Over the past weeks, Mayor Foxx has met with Members of the Commerce Committee and other Members of Congress. Several key Members spoke out this week on those meetings, offering support for Mayor Foxx and stating that they expect a smooth confirmation.

- **House Freight Panel.** Last week the House Transportation and Infrastructure Committee's special Panel on 21st Century Freight Transportation held its second roundtable discussion, this time featuring DOT Deputy Secretary John Porcari and Jo Ellen Darcy, the Assistant Secretary of the Army for Civil Works who heads the Army Corps of Engineers. The Freight Panel is taking with making recommendations to the full Committee at the end of its six month tenure. Next steps for the Freight Panel include field hearings in Los Angeles (which is expected to be at the Port of Los Angeles complex); Memphis, Tennessee; and New York/New Jersey (which is expected to take place at the Port Authority).
- **Upcoming Hearings.** On Tuesday, May 21, the House Transportation and Infrastructure Committee will be holding a hearing on the Cost Drivers of Passenger Rail as they look towards a passenger rail reauthorization bill.

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