

# *David Jurch and Associates*

WASHINGTON UPDATE

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## **SHORT-TERM FAA EXTENSION COULD LAST AS LONG AS NINE MONTHS**

Aviation programs under current law expire on March 31, leaving Congress with a narrow window to keep the Federal Aviation Administration (FAA) operations from shutting down. House and Senate Republican leaders are in the midst of negotiating the terms of a short-term extension. Speaker Paul Ryan (R-WI) and Majority Leader Mitch McConnell (R-KY), along with the relevant committee chairmen, are considering whether to extend FAA programs through the end of December as opposed to enacting a three to four month stopgap measure. The advantage of enacting a short-term vs. a long-term extension is maintaining political pressure and momentum to get a six-year bill done. On Capitol Hill, there is, as a general rule, an inverse relationship between the length of an extension and the likelihood of securing passage of the bill. A longer lead time is invariably a prescription for inaction.

While the House Transportation and Infrastructure (T&I) Committee reported its reauthorization bill, H.R. 4441, in February, its Senate counterpart, the Commerce, Science and Transportation (CST) Committee, has yet to unveil its draft bill. Complicating the legislative calculus for aviation stakeholders is House T&I Chairman Bill Shuster's (R-PA) highly contentious proposal to privatize the Air Traffic Control (ATC) system. Shuster's ATC spinoff is the main stumbling block stalling passage of the six-year FAA bill.

The political constellation aligned against Shuster's provision is formidable. The Obama Administration and congressional Democrats are openly hostile to Shuster's proposal as are Republican and Democrats appropriators in the House and Senate. General Aviation and charter stakeholders have also come out against separating ATC functions from FAA operations. The House Ways and Means Committee, moreover, is claiming jurisdiction over the ATC provision, adding another layer of legislative uncertainty into the mix. If Chairman Shuster holds firm to his position, a long-term FAA reauthorization bill is likely to end up on the agenda of a new Congress and a new Chairman of the T&I Committee next year. Under House rules, Shuster's chairmanship of the committee will be termed out at the end of this Congress.

## **GOP INTRAPARTY NEGOTIATIONS OVER FY 2017 BUDGET RESOLUTION**

House Speaker Paul Ryan (R-WI) is working with various factions of his GOP Conference in an effort to secure, if not save, an agreement on a fiscal year (FY) 2017 budget resolution that will lay the groundwork for the twelve annual appropriations bills Congress must pass to keep the federal government afloat. The crux of the intraparty squabble focuses on whether House Republicans should stick with the budget caps agreed to with President Obama and congressional

Democrats last year. The bipartisan agreement waived sequestration cuts for FY 2016 and FY 2017. Under the deal, Congress has an extra \$30 billion to spend between defense and domestic programs – that’s \$30 billion above what had been authorized under sequestration.

The proposal allows for \$551 billion in discretionary spending on defense and \$518.5 billion on nondefense in fiscal 2017.

House tea party members, under the House Freedom Caucus, vehemently oppose the agreement and want to restore the mandated cuts under sequestration or at least require offsets for the additional spending. The 170 House members of the Republican Study Committee, made up of fiscal and defense hawks, are also weighing their options in revisiting the budget caps. Speaker Ryan, along with Senate Majority Leader Mitch McConnell (R-KY), are committed to moving the twelve appropriations bills through the legislative process by October 1, the beginning of the fiscal year. Ryan and McConnell are determined to show the electorate that a Republican controlled Congress can govern responsibly and effectively. That can only happen if a majority of House Republicans agree to a budget plan.

Speaker Ryan appears to be closing in on a deal that will get the buy-in from the major factions of his conference. The agreement would allow for the \$30 billion in additional spending for FY 2017 but would require commensurate cuts in entitlement programs, in particular from Medicare and Medicaid. Ryan is proposing to move the mandated entitlement cuts in separate legislation from the appropriations process. The challenge, of course, is whether the tea party members agree to vote for higher spending levels on the appropriations side before voting on entitlement cuts. While this package may pass the House, it is virtually dead in the Senate, where Democrats will filibuster any attempt to “undermine” the current framework of entitlement programs. In addition, there are seven GOP Senators up for reelection this year in states that President Obama carried, making it highly unlikely that they would all be willing to cast a vote that threatens their reelection bid.

### **SUPREME COURT ALLOWS EPA CARBON DIOXIDE RULE TO TAKE EFFECT**

Earlier this week, Supreme Court Chief Justice John Roberts rejected a plea by the State of Michigan along with 20 other states to block a contentious air pollution rule for power plants in what amounts to a big victory for the Obama Administration. Following Roberts’ decision, the Environmental Protection Agency (EPA) regulation for the Mercury and Air Toxics Standards, can now be enforced. Rather than have the full Court review the issue, Chief Justice Roberts chose to reject the petition to stay the EPA regulation on his own authority. The mercury pollution standards, made final in 2012, are a separate regulation from the more controversial and costly carbon dioxide limits, known as the Clean Power Plan, for power plants that are also being litigated in court.

### **CONGRESSIONAL CALENDAR**

The House starts a week-long recess and is not due back in session until March 14. The Senate is expected back in session next week when it will continue to consider legislation designed to fight the nation’s heroin and opioid addiction epidemic.