



**THE TUG OF WAR IN WASHINGTON
JOHN COLBERT, ESQ.**

AREAS OF DISCUSSION

- Funding
 - Authorizing issues – where is Congress going?
 - What to expect moving forward?
 - Elections Outlook
-

FY 18 FUNDING – WHAT DID WE LEARN?

ADMINISTRATION'S FY18 BUDGET REQUESTS HUGE CUTS TO WORKFORCE PROGRAMS

- 10% overall cut to domestic programs
- 21% cut to DOL
- 40% cut to WIOA formula and Wagner-Peyser funding
- Elimination of SCSEP

CONGRESS IN CHARGE OF BUDGET

- **Good news** - both the House and Senate rejected this budget proposal.

FY 18 HOUSE LABOR-HHS FUNDING:

- 3% overall funding cut
- ETA receives disproportionate cut (18%)

- **WIOA Adults (-5%)**
- **WIOA Youth (-5%)**
- **NEG (-41%)**
- **NEG rescission \$200 million**
- **SCSEP (-25%)**

- **Apprenticeships – eliminated**
- **Wagner Peyser – eliminated**

FY 18 SENATE LABOR-HHS FUNDING:

- 5% above House levels
- Restored House cuts to most programs including:
 - WIOA formula programs
 - Apprenticeship
 - Wagner Peyser state grants
 - SCSEP

FY 18 FUNDING AGREEMENT

Final Agreement

- WIOA programs receive \$80 million overall increase
- Apprenticeships receive \$50 million increase (\$145 million)
- Employment Service funding restored
- SCSEP funding restored

**HOW DID WORKFORCE PROGRAMS
AVOID FY 18 CUTS?**

FY18 FUNDING AGREEMENT

Bipartisan funding agreement

13% overall funding Increase

Increased defense funding:

- \$80 billion more in FY 18
- \$85 billion more in FY 19

Increased funding domestic funding:

- \$63 billion more in FY 18
- \$68 billion more in FY 19

FY 18 FUNDING

Lesson learned –

With additional overall funding:

- Congress restores ETA funding
- The Administration submits new request to provide level funding levels for most ETA programs.

FY 18 FUNDING

Lesson learned –

Danger:

- ETA programs were the first Labor-HHS programs to be proposed for cuts by appropriators

FY 19 FUNDING

FY 19 BUDGET PROPOSAL

- Second (and final) year of fiscal agreement expanding domestic funding by 13%
- Administration's **initial** FY 19 budget request included same funding cuts for ETA programs as in FY 18
 - Significant cuts to WIOA
 - Elimination of SCSEP

FY 19 BUDGET PROPOSAL

- After budget agreement in Congress --- Administration submitted **revised** FY 19 budget proposal
 - Restores level funding for most ETA programs, including WIOA
 - Maintains elimination of SCSEP

What to expect this year?

FY 19 appropriations process

- Congress in charge of budget and appropriations process
- Top line funding for FY 19 already in place
- More comity
- Labor-HHS Appropriations expected to be the most challenging of the twelve appropriations bills

What to expect this year?

House Labor-HHS mark up in the next few days

- **No additional funding for Labor-HHS above FY 18 levels**
- **However**, appropriators still want to increase priority programs, including NIH.
- Rescissions proposal includes \$7 billion reduction to CHIP – used as offset by appropriators to increase overall Labor-HHS funding level
- May end up seeing cuts in House bill.

What to expect this year?

Senate FY 19 Appropriations

- Expect to mark up their bill the last week of June
- New Chairman – Richard Shelby (R-AL)
- Commitment to bipartisanship
- Desire for “regular order”
- Senate Labor-HHS bill provided \$2 billion increase above FY18
- Senate provided stability in appropriations process last year and expected to do so again in FY 19.

What to expect this year?

FY 19 Appropriations

- House expects to complete Committee action next week, floor action next month
- Senate accelerating appropriations process this year - leadership cancels August recess
- Minibuses, not Omnibus
- However, Continuing Resolution will still be necessary to complete FY 19 bills

What to expect this year?

FY 19 appropriations process

- If Republicans maintain control of House and Senate post midterm elections, no time pressure to complete appropriations bills
- If Democrats win control of either House or Senate in midterms, Congress likely to complete FY 19 appropriations process before new Congress begins in January

RESCISSION?

What to expect this year?

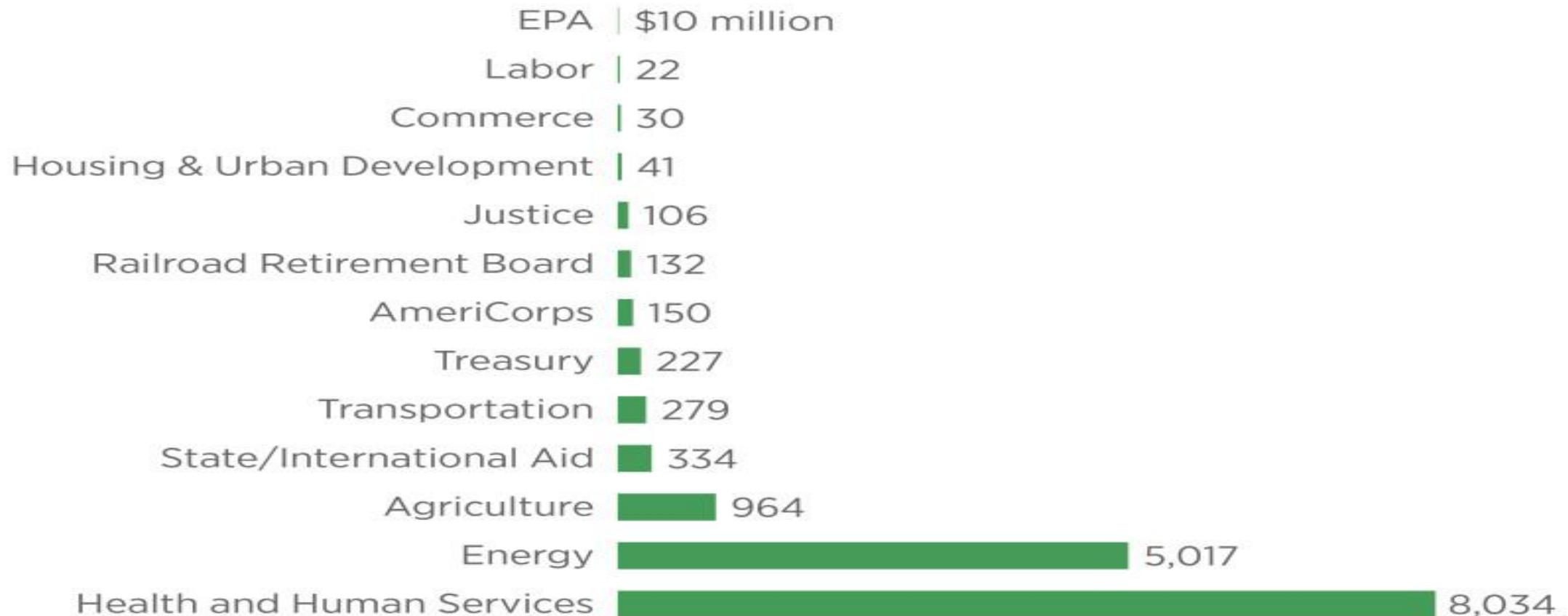
Rescission proposals

- House passed \$15 billion “rescissions” package last week
- Expired or expiring funding – not from current FY 18 funding.
- Cuts \$22 million from DOL ARRA funding, no cuts to ED
- Politically focused strategy – playing to base angered by FY 18 spending
- Only \$1 billion in actual “savings”

Rescission proposal

WH Targets Domestic, International Funds

The Trump administration's \$15.4 billion rescissions request would reach back as far as fiscal 1998 to trim unspent funds.



What to expect this year?

Rescission

- Only 50 votes needed in Senate
- Unclear if it has the votes for passage
- Needs to be enacted within 45 days (June 22nd)

What to expect this year?

Rescission

- However, could be the first of several rescission proposals to be offered
- Next proposal expected to propose cutting FY 18 Omnibus funding.
- Effort unlikely to be successful – requires a majority of both House of Congress
- Senate and House Democrats in opposition

THE OUTLOOK FOR FEDERAL EDUCATION AND WORKFORCE POLICY

KEY THEMES IN EDUCATION AND WORKFORCE LEGISLATION

- Education in preparation for work
- 6.7 million job openings, more jobs than workers – effort to have all available workers enter employment
- Provide employers with skilled workers
- Enhanced work based learning opportunities
- Support for evidenced based approaches
- **Work in exchange for benefits**

ISSUES TO WATCH: WORKFORCE (APPRENTICESHIPS)

- Potential to be bipartisan issue
- A number of apprenticeship bills introduced – no movement to date
- House HEA bill includes new apprenticeship program
- Emphasis on work based learning



THE ROAD AHEAD - (APPRENTICESHIPS)

Outlook – potential area of consensus – but likely next Congress

Key Issues

- The role of Registered Apprenticeships v. President's Task Force with business led apprenticeship programs
- Adequate funding for scaling

ISSUES TO WATCH: TANF REAUTHORIZATION

- House bill passed in Committee on party line
- Currently awaiting House floor action
- TANF framed as workforce legislation “JOBS Act”
- Reinforces purpose of TANF funding is to transition participants to work
- All able bodied beneficiaries required to work, or be engaged in education and training

ISSUES TO WATCH: TANF REAUTHORIZATION

- More flexibility for states in programmatic design
- Uses WIOA performance measures
- Holistic approach to services

ISSUES TO WATCH: TANF REAUTHORIZATION

- **House Democrats in opposition - no additional funding for TANF block grant**
- **However, allows up to 50% of a state's TANF allocation transferred to:**
 - **WOIA**
 - **Child Care and Development Fund,**
 - **Child Welfare (up to 10%)**



THE ROAD AHEAD FOR TANF

Challenge –

- Senate far behind House on TANF
- Senate leadership not interested in entitlement reform in an election year

ISSUES TO WATCH: FARM BILL (INCLUDES SNAP)

House bill – lost on floor last month, another vote likely this month

Why?

- New work requirement - able bodied beneficiaries required to work, or be engaged in education and training
- Immigration debate
- Highly partisan issue – Democrats opposed bill due to work requirements. Administration strongly supports work in exchange for benefits.

ISSUES TO WATCH: SAFETY-NET SNAP

Farm Bill (includes SNAP)

Senate bill – just introduced

- Mark up and floor action later this month
- Bipartisan effort
- No work requirements



THE ROAD AHEAD – FARM BILL AND SNAP WORK REQUIREMENTS

- Tension over work requirements a growing trend across a variety of social service reauthorizations.
- Work requirements unlikely to be included in final version of Farm Bill

ISSUES TO WATCH: STATE MEDICAID WAIVERS WITH WORK REQUIREMENTS

- CMS approving state waiver requests requiring work requirements for able bodied recipients.
- Kentucky, Indiana, Arkansas, and New Hampshire waivers approved
- Arizona, Kansas, Maine, Mississippi, Ohio, Utah, and Wisconsin waivers pending
- Different approaches in the states for who is “able bodied”



THE ROAD AHEAD FOR WORK REQUIREMENTS

- Republicans polling - believe they have a winning issue – work in exchange for program benefits
- Work requirement an emerging trend in red states
- Workforce agencies critical to interagency planning

ISSUES TO WATCH: CAREER AND TECHNICAL EDUCATION (VOCATIONAL ED)

CTE

House – passed bipartisan bill last year

- Better aligns vocational education and workforce programming
- Increased work based learning opportunities.
- Focus on demand occupations and career pathways

ISSUES TO WATCH: CAREER AND TECHNICAL EDUCATION (VOCATIONAL ED)

CTE

Senate has been roadblock

- Main reason – Chairman Alexander’s desire to limit the federal role in CTE – Democrats oppose this change.
- Rumors that CTE effort may restart later this month



THE ROAD AHEAD FOR CTE REAUTHORIZATION

- Unclear whether CTE reform will be enacted

ISSUES TO WATCH: HIGHER EDUCATION ACT REAUTHORIZATION (HEA)

House

- House Ed and Workforce Committee passed HEA bill – the “PROSPER Act” on party lines

Focus – better preparing students for work

- Competency Based Ed, not just seat time
- Authorizes earn-and-learn career pathway program partnerships between employers and higher ed

ISSUES TO WATCH: EDUCATION (HEA)

- New Industry led apprenticeship program in partnership universities

ISSUES TO WATCH: HIGHER EDUCATION ACT REAUTHORIZATION (HEA)

Senate

- Bipartisan effort to rewrite HEA broke down in May
- Small bills possible – reform FAFSA



THE ROAD AHEAD FOR THE HIGHER EDUCATION ACT

- House bill – Dr. Foxx seeking floor action next week
- Highly partisan bill
- Senate – bipartisan bill now unlikely
- Slow moving HEA likely a multiyear effort – bill could change significantly if Democrats regain House

WHAT TRENDS TO KEEP AN EYE OUT FOR THE REMAINDER OF THIS YEAR

- Accelerated FY 19 appropriations effort
- Reauthorization proposals framed as workforce legislation
- Administration proposal to reorganize anti-poverty programs
- Further rescissions proposals? Ambivalence in Congress
- Work requirements in exchange for benefits



ELECTION
2018

A graphic for the 2018 election. The background is blue with white stars in the upper left and a red and white striped banner at the bottom. The word "ELECTION" is in white, outlined, capital letters at the top. Below it, the year "2018" is in large white, outlined numbers. A large red checkmark is superimposed over the zero in "2018".

2018 ELECTIONS –FIVE MONTHS AWAY

- The president's party has lost Senate seats in 19 of 26 midterms
- Lost House seats in 92% of midterms since 1862

2018 ELECTIONS –FIVE MONTHS AWAY

Today, Democrats have generic lead of 7%, but varying between 6-10%

However,

- Midterms are older, whiter and generally favor Republicans
- 40% less voters than in Presidential election years

2018 ELECTIONS – PRESIDENTIAL APPROVAL

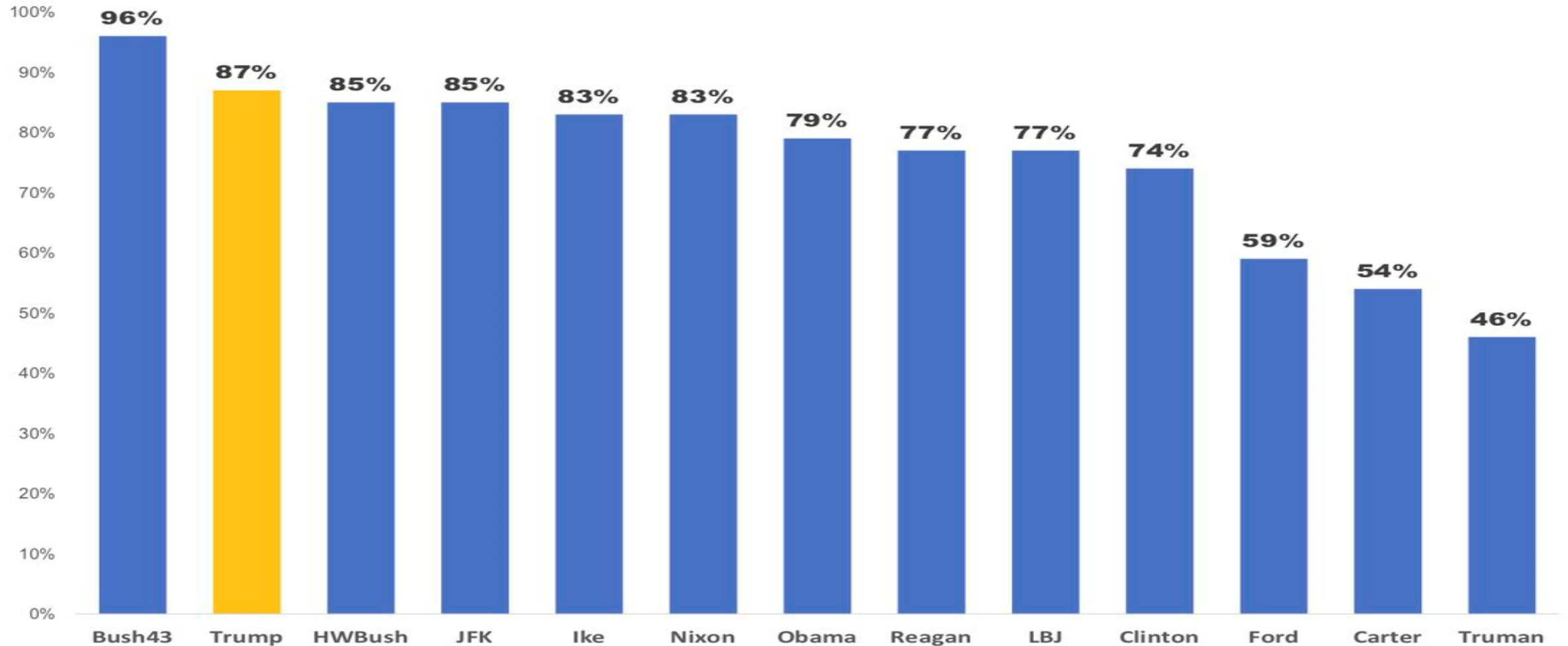
- 4 of the last 8 eight midterm elections, presidential approval rating was **56 percent or higher**.
 - In those four midterms, incumbent party **losses were minimal**.
- In the other midterms, presidential approval rating stood at **46 percent or lower**.
 - **Seven-seat average net loss** in the Senate, and **40 seats in the House**.

MIDTERMS: PRESIDENT'S APPROVAL RATING MATTERS

- **Democrats need 23 seats** to take control of the House
- President Trump's approval rating has improved to 42% - but still lowest since Truman

PRESIDENT'S OWN PARTY APPROVAL RATING – 2ND HIGHEST IN HISTORY

Own Party Approval, ~Day 500



2018 ELECTIONS – PRESIDENTIAL APPROVAL – DEEP PARTY DIVIDE

- 87% of Republicans
- 35% of independents
- 8% of Democrats.

2018 ELECTIONS – PRESIDENTIAL APPROVAL RATINGS – INTENSITY MATTERS

Gallup measured **intensity** of voters opinion of the President

- 26% strongly approved
- 16% moderately approved

- 41% strongly disapproved
- 13% moderately disapproving.

- Those who approved, ratio of **strong to moderate** was **2-to-1**.
- Those who disapproved, ratio of **strong to moderate** was **3-to1**.

2018 ELECTIONS – PRESIDENTIAL APPROVAL – INTENSITY MATTERS

- Percentage of strongly disapprove - third highest in history
- Two worst –
 - George W. Bush – 44% in 2006
 - Richard Nixon – 48% just before he resigned.

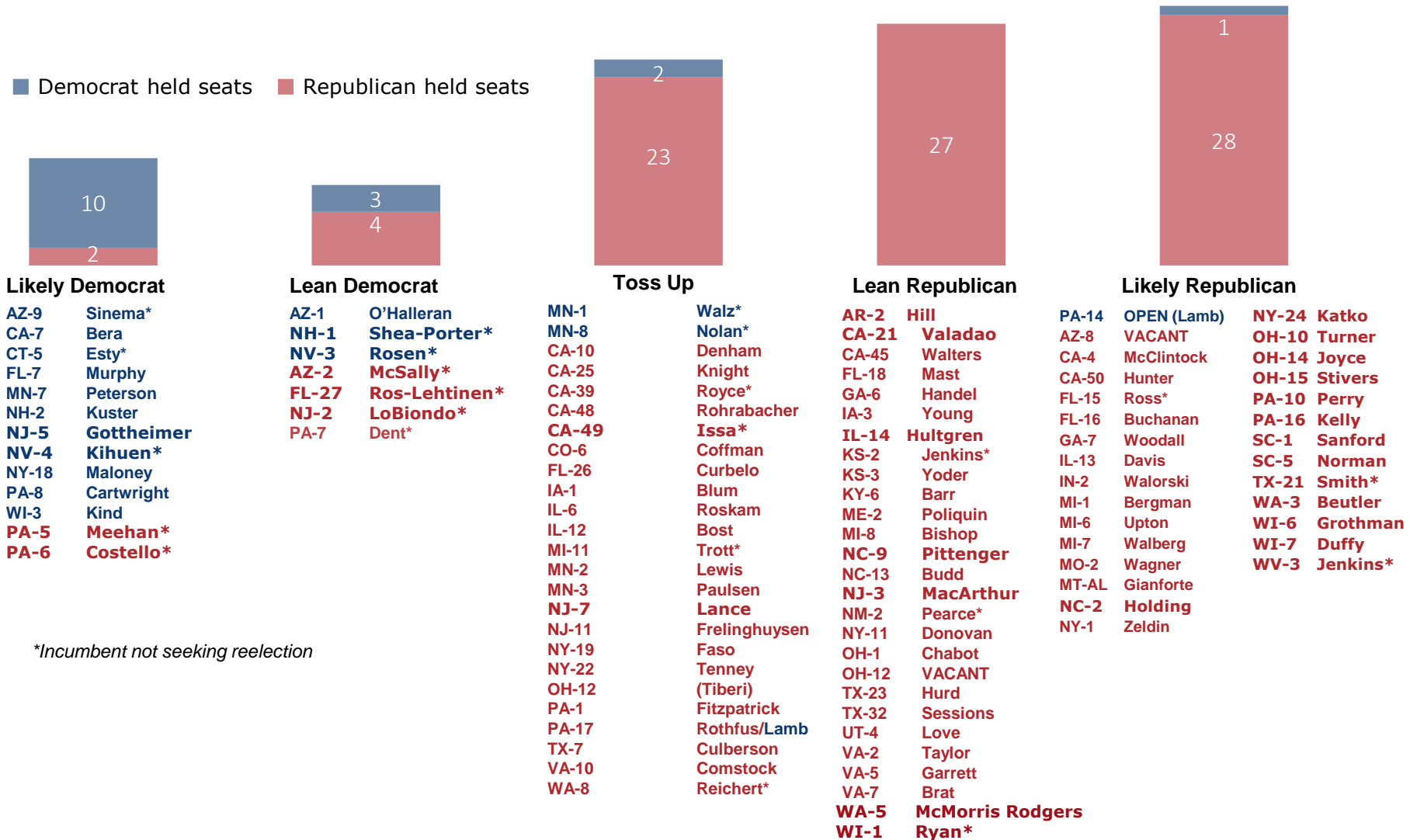
HOUSE OF REPRESENTATIVES

MIDTERMS: HOUSE OF REPRESENTATIVES

Key Congressional Targets for each party

- 23 Republicans in Clinton-won districts
- 12 Democrats in Trump-won districts

HOUSE – HOW DO DEMOCRATS GAIN 23 SEATS? NO EASY TASK



MIDTERMS: DEMOCRATIC TAKEOVER IN HOUSE?

- So far, 41 Republicans are leaving the House, compared with 19 Democrats.
- Twenty-nine Republican seats are vulnerable
- Six Democratic seats are vulnerable

MIDTERMS: DEMOCRATIC TAKEOVER IN HOUSE – CONFLICTING TREND LINE

HOPE FOR DEMOCRATS

- Most retirements from a majority party since 1994
- Voter Intensity

HOPE FOR REPUBLICANS

- Incumbents run on average 7% ahead in competitive districts
- High turnout in primaries.
- Economy
- Speaker Pelosi

SENATE RACES

MIDTERMS: DEMOCRATIC TAKEOVER IN SENATE?

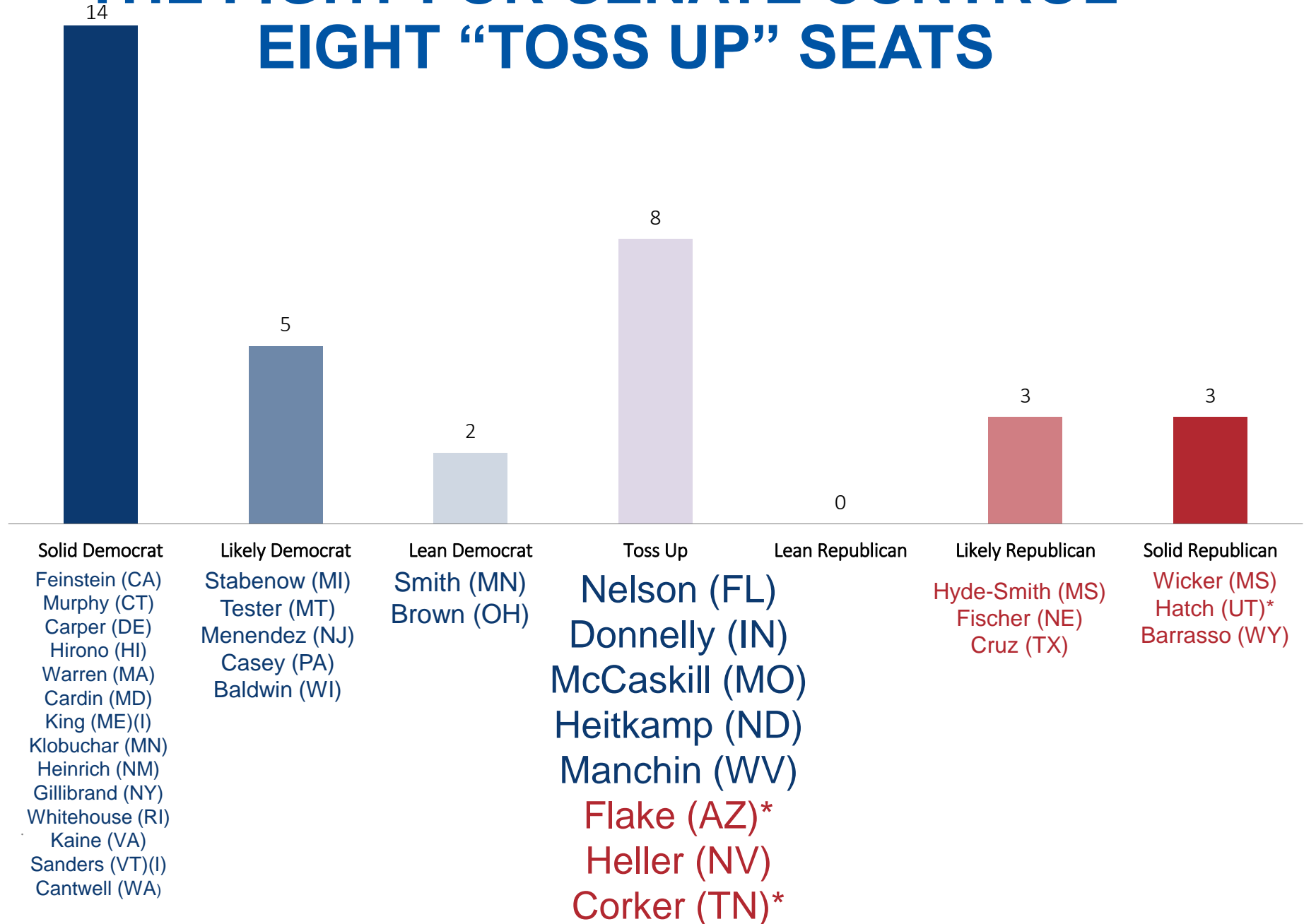
- Republicans hold current majority 51-49
- **26 Democrats** up for election, only **9 Republicans**
- **However**, divisive primaries for Republicans in seven out of ten most vulnerable Democratic seats
- Democrats goal in midterms – recapture majority, may prove elusive

MIDTERMS: DEMOCRATIC TAKEOVER IN SENATE?

- Democrats defending seats in 10 states won by the President
- Five of these states were won by the President by at least 19%
- Six of nine Republican seats are considered safe

Bitter Irony for Senate Democrats – one seat margin, but better chance to regain control of House than Senate

THE FIGHT FOR SENATE CONTROL – EIGHT “TOSS UP” SEATS



2020 ELECTION: BATTLEFIELD SHIFTS - REPUBLICANS DEFENDING MORE SENATE SEATS

2020

- 12 Democratic seats
- 21 Republican seats

2022

- 12 Democratic seats
- 22 Republican seats

ANTI TRUMP IS NOT ENOUGH FOR DEMOCRATS TO CAPTURE CONGRESS

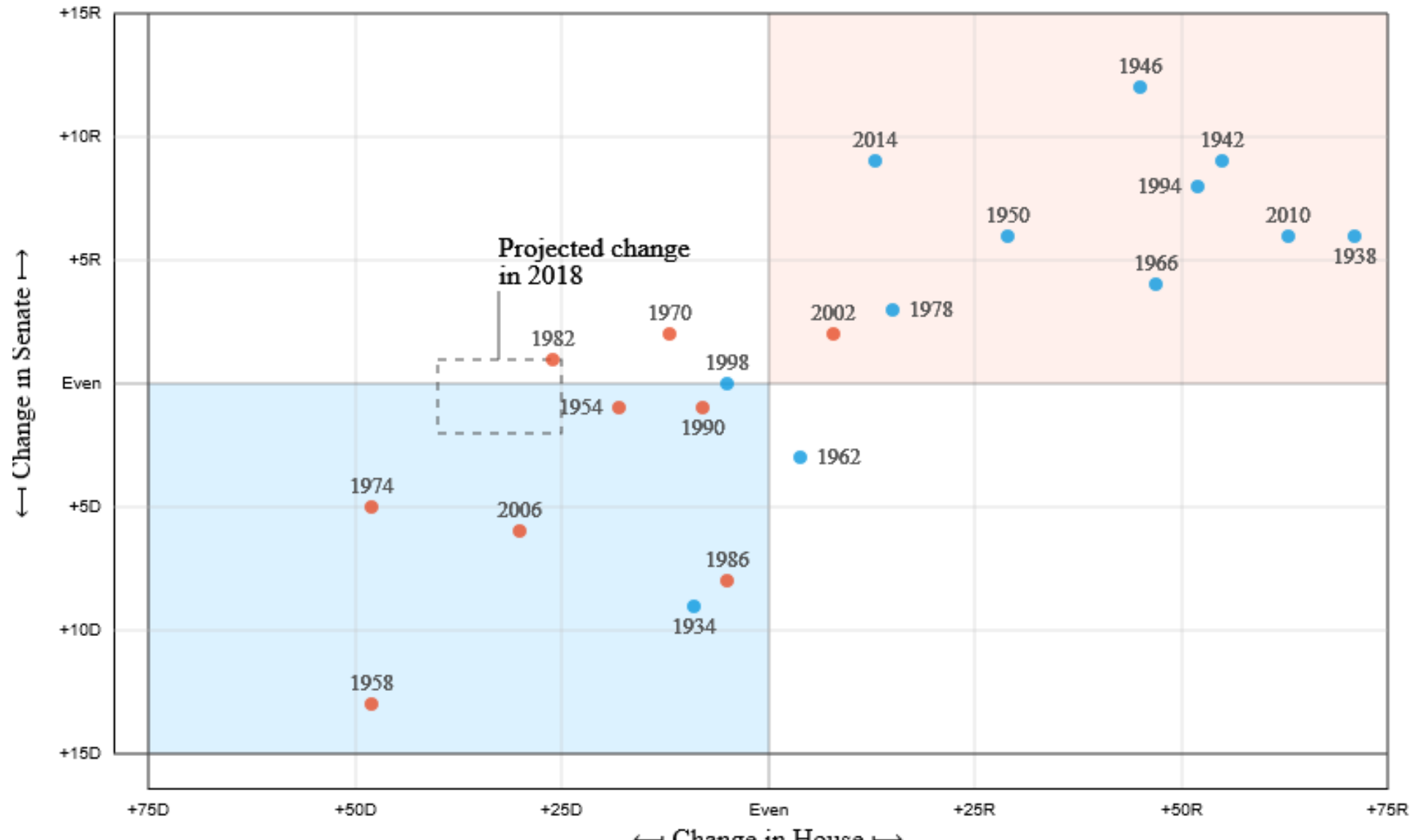
Polling

Issues matter -

- Senate Democrats focus groups:

"Republicans have the wrong agenda;
Democrats have no agenda."

EXPECTATION FOR MIDTERMS- A WAVE OR A RIPPLE?





OUTLOOK FOR THE MIDTERM ELECTIONS

What to expect

- Razor thin margins next Congress, whoever is in control
- Who will be Speaker?
- Still too early to call
 - Democrats could gain 25-40 seats and control of the House
 - Senate leans Republican



OUTLOOK FOR THE MIDTERM ELECTIONS

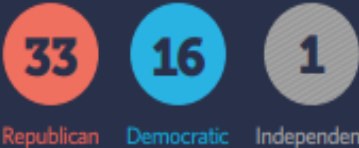
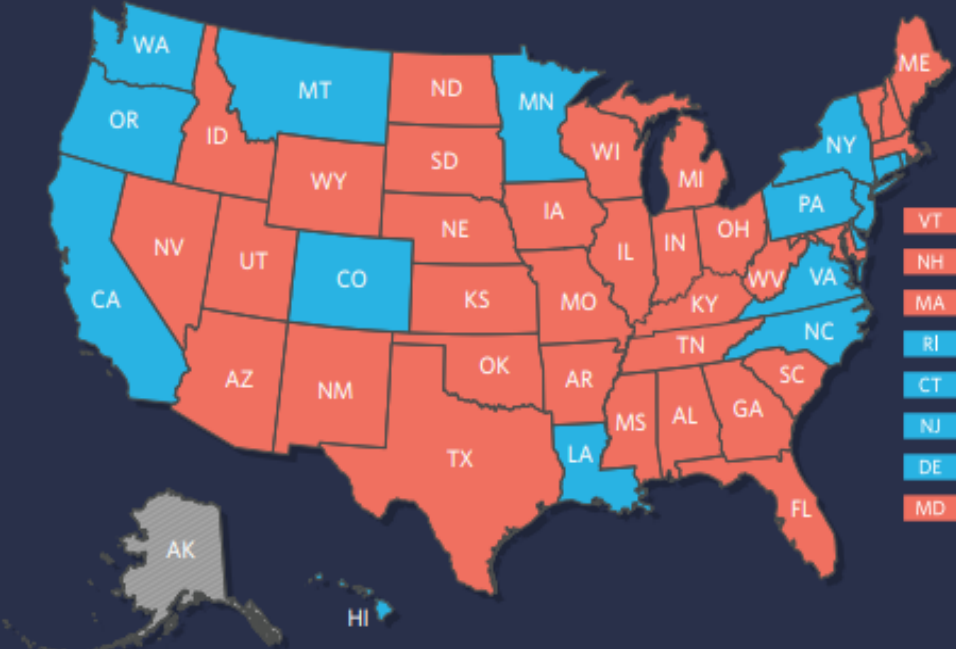
Possible scenario

- Democrats gain seats in the House
- Republicans gain seats in the Senate
- If this occurs -- first midterm in 36 years in which the two chambers of Congress moved in different directions.

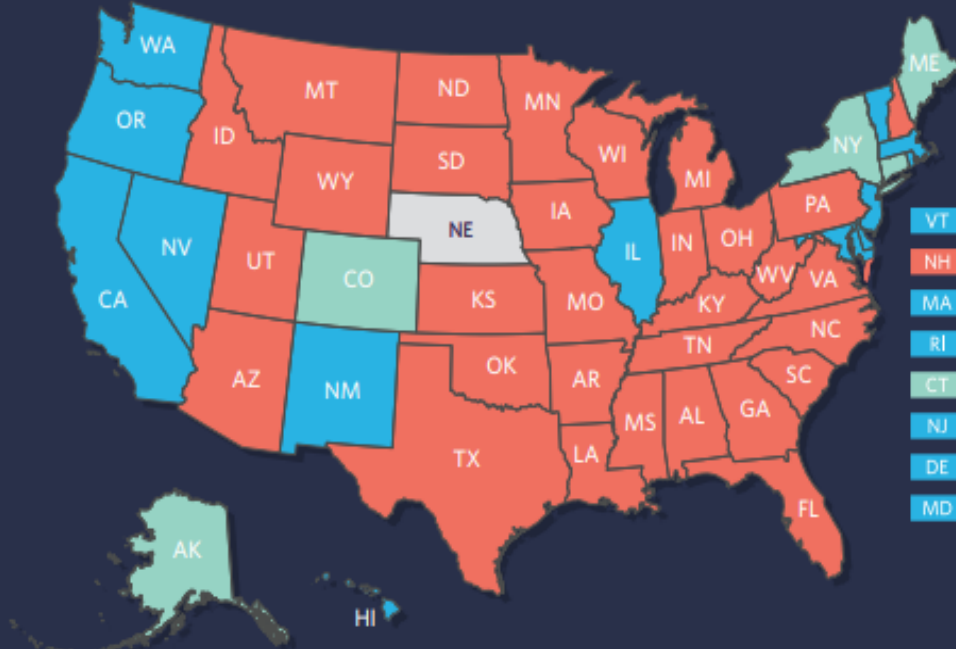
STATE RACES – A LOT ON THE LINE

2018 Balance of Power

Governors



Legislatures



STATE RACES – A LOT ON THE LINE

Governors races this year

- 36 states hold their gubernatorial elections
- 26 Republican seats
- 10 Democratic seats (nine Democrats plus one independent)

- **13 open governorships for GOP**
- 4 open governorships for Democrats
- Nine Republican seats competitive, four for Democrats

STATE RACES – A LOT ON THE LINE

State legislatures

- 82% of state legislative races on the ballot.
- 26 states GOP control of both chambers.
- 8 states Democrats control both chambers.
- 16 legislatures are divided.

REPUBLICANS GOVERNORS PLAYING DEFENSE - FOUR TOSS UPS AND THREE POTENTIAL LOSSES

Likely Dem

Leans Dem

Toss Up

Leans GOP

Likely GOP

PA: Wolf (D)

CO: Open (D)

FL: Open (R)

AZ: Ducey (R)

GA: Open (R)

CT: Open (D)

MI: Open (R)

IA: Reynolds (R)

MA: Baker (R)

IL: Rauner (R)

NV: Open (R)

KS: Open (R)

OK: Open (R)

ME: Open (R)

OH: Open (R)

MD: Hogan (R)

TN: Open (R)

MN: Open (D)

NM: Open (R)

NH: Sununu (R)

VT: Scott (R)

WI: Walker (R)

RI: Raimondo (D)



OUTLOOK FOR STATE MIDTERM ELECTIONS

What to expect

- Outcome of the 2018 state elections will determine future redistricting efforts.
- Republicans currently hold strong majority, but are on the defensive – 26 seats up this cycle



OUTLOOK FOR STATE MIDTERM ELECTIONS

Challenges for Republicans

- Clinton won eight seats Republicans are defending
- Democrats are defending only one state won by President Trump
- Gubernatorial and legislative seats elections this past year have tilted Democrat

QUESTIONS?

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