



ML Strategies' Outlook for 2013

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INTRODUCTION

Happy New Year and welcome to the 113th Congress!

As the new 113th Congress begins and President Obama prepares to start his second term, we are pleased to present ML Strategies' Outlook for 2013.

Two years ago, at the start of the 112th congress, ML Strategies distributed our Outlook highlighting legislative and federal agency activities for the new congress. While there had been some hope that the new congress would be able to overcome the hyper-partisanship that has gripped Washington in recent years, that was not to be and, by almost any standard, the 112th was rather unproductive. However, there were some significant legislative accomplishments, including: a two year transportation reauthorization bill; a bill to maintain interest rates on student loans for one year; a bill extending the National Flood Insurance Program (NFIP); the annual *National Defense Authorization Act*; reauthorization of the Federal Aviation Administration and the Export-Import Bank; the *Jumpstart Our Business Startups (JOBS) Act*; the *Food and Drug Administration Safety and Innovation Act*; a bill to extend Permanent Normal Trade Relations (PNTR) to the Russian Federation; and implementing bills for free trade agreements with South Korea, Panama, and Colombia.

Most significantly, the 112th Congress passed the *Budget Control Act of 2011*, which set the stage for steep across-the-board spending cuts – known as sequestration – to take effect in January 2013. Those spending cuts, and the debate over extension of the so-called Bush tax cuts – together referred to as the fiscal cliff – consumed much of the energy of the second year of the 112th Congress, leading up to a dramatic last-minute compromise between the White House and congressional Republicans in the form of H.R. 8, the *American Taxpayer Relief Act of 2012*, which was passed on New Year's Day and signed into law on January 2, 2013. H.R. 8 delayed sequestration for two months, and allowed income tax rates to increase for individuals earning more than \$400,000 per year and couples earning more than \$450,000 per year. The agreement also limited the impact of the Alternative Minimum Tax (AMT) on 4 million taxpayers, extended federal unemployment benefits for one year, extended for one year the “doc fix” which governs how doctors are reimbursed for care provided to Medicare patients, and extended the expiring Farm Bill for nine months. Further, H.R. 8 made permanent certain tax deductions related to education and extended some renewable energy and energy efficiency tax incentives.

We can identify several areas of potential legislative and regulatory activity for the coming year, and as with previous Outlooks, have grouped opportunities by issue:

- Agriculture
- Defense and National Security
- Education
- Energy and Environment
- Financial Services
- Foreign Policy
- Health Care
- Immigration
- Law Enforcement and Judiciary
- Pension Reform and Retirement
- Postal Reform
- Tax and Entitlement Reform, Budget, and Appropriations
- Telecommunications
- Trade
- Transportation and Infrastructure



On Capitol Hill, the 113th Congress will commence with a rigorous debate on spending reductions and revenues along with comprehensive tax reform and entitlement reform, leading up to a cascading series of events around March that set up another potential fiscal cliff. Congress will also tackle annual measures including the *National Defense Authorization Act* (NDAA) and Fiscal Year 2014 Appropriations. Other issues that are certain to see activity include, but are not limited to: a Farm Bill; immigration reform; pension reform; a multi-year surface transportation bill; trade measures, including bilateral and multilateral trade agreements; energy tax and financing issues; clean energy and efficiency policy issues; and gun control.

In the Administration, federal agencies will continue the significant and multi-year task of implementing the Dodd-Frank Act financial sector reforms and the *Affordable Healthcare Act*, which together produced substantial numbers of new regulations and requirements for federal agencies. The Administration will make its decision on the XL Pipeline, and will also initiate various environmental regulations related to clean air and water, renewable fuels, and hydraulic fracturing. Trade issues will continue to receive significant levels of attention from the Administration, with continued focus on China, negotiation of the Trans-Pacific Partnership trade agreement, and the launch of negotiations for a U.S.-E.U. Free Trade Agreement and an International Services Agreement. We also anticipate other federal agency rulemakings from the Department of Education, the Federal Railroad Administration, the Federal Aviation Administration, the Pipeline and Hazardous Materials Safety Administration.

We have also included, as an Appendix, a survey of the congressional committees, highlighting leadership and membership changes, as well as noting when possible senior staff.

Contact information for all of our team members is provided at the end of this document. We would encourage any questions you may have about specific issues covered here, or any other legislative or agency-level opportunities you are concerned about.



AGRICULTURE

After contentious debate and disappointment in the 112th Congress, agricultural interests hope for a more productive session in the 113th Congress. However, the same ideological divisions over Farm Bill spending that allowed expiration of some U.S. Department of Agriculture (USDA) programs and prevented passage of a five-year bill remain.

Secretary of Agriculture Tom Vilsack has expressed his intention to remain in his post for the second term of the Obama Administration.

Issues

Farm Bill: The top priority of the agricultural community is the passage of a comprehensive, reform-minded five-year farm bill. In the 112th Congress, the Senate moved first on a five-year comprehensive reauthorization package that would have saved \$23 billion over five years by reforming some of the most contentious titles dealing with crop insurance and commodity payments. In the House, Chairman Frank Lucas (R-OK) and Ranking Member Collin Peterson (D-MN) were able to cobble together enough votes to move a bill out of committee with the promise to refine and modify the measure before bringing it to the House floor. However, neither Chairman Lucas nor Ranking Member Peterson could bring enough pressure to prompt the Republican House leadership to schedule a full House vote before the previous farm bill expired on Oct. 1, 2012.

Many agricultural groups continued to advocate for a five-year Farm Bill to be considered during the lame duck congressional session following last year's elections. There was also hope that the Senate bill would be included in any end-of-year legislation to avert the fiscal cliff. Ultimately, an impending spike in dairy prices prompted Congress to act. The fiscal cliff package included a nine-month extension of the 2008 Farm Bill. While the "dairy cliff" has been avoided, the lack of movement on a comprehensive bill has postponed a number of significant reforms to agricultural policy.

The incoming 113th Congress will be tasked with writing a new long-term Farm Bill. Senate Agriculture Committee Chairwoman Debbie Stabenow (D-MI) has expressed both her disappointment at the missed opportunity last year as well as her intent to craft a new bill. A new Senate Ranking Member, Thad Cochran (R-MS), guarantees that the Senate version will differ from last year's version. Cochran is expected to take a more sympathetic approach to Southern agricultural interests, who had complained about how their commodities fared in last year's bill.

It is unclear whether the Senate's early action on the Farm Bill will also prompt the House to move more rapidly, as many conservative Republicans see the bill as bloated subsidy, and liberal Democrats are upset over severe cuts to food stamp programs. Chairman Lucas remains optimistic that a five year comprehensive bill can pass the full House. Ranking member Peterson is less hopeful, declaring that unless he receives strong assurances from Republican House leadership that they will allow the full House to vote on the legislation, he does not intend to focus on a five-year bill. In the interim, the agricultural community will be mobilizing to urge the House to consider the legislation.



Farm labor: Another aspect of agricultural policy that may be considered in the 113th Congress is farm labor, especially seasonal or migrant labor. These workers are in great demand for bringing in valuable seasonal crops such as grapes, nuts, fruits and vegetables, yet many have disputed immigration status.

Given the high rate of Latino participation in the 2012 election and the overwhelming need for reforms in our current immigration system, there is significant optimism that the 113th Congress will begin to address this weighty issue. This could provide a new opportunity to address guest worker and/or seasonal migrant labor issues. Already, farmers and ranchers are coming together to develop a blueprint for a worker program that suits growers of all kinds as well as workers.

Energy Title: USDA Energy Title programs help to develop advanced biofuels, biopower and bioproducts, wind and other energy resources, and energy efficiency. The grant, loan, and loan guarantee programs – less than one percent of the Farm Bill’s total spending – leverage millions of dollars of private energy investments in the agricultural community.

The bipartisan Senate Farm Bill last year contained \$800 million in mandatory funding over five years for these programs, and it also expanded eligibility in existing biofuel programs to renewable chemicals and bio-based products. The Farm Bill produced by the House Agriculture Committee last year, however, lacked any financial resources and included several provisions that would inhibit the production of rural energy.

Senator Stabenow remains committed to ensuring the Energy Title is reauthorized and funded. The bigger question for rural energy and bioenergy stakeholders is whether the House can pass a five-year bill. Energy Title advocates fought hard last year and came close to achieving a win: draft legislation agreed to by House and Senate Agriculture Committee leaders but left out of the final fiscal cliff deal contained mandatory funding levels for 2013. Those advocates will have to redouble their efforts in 2013.

Committees of Jurisdiction

House Agriculture Committee: Chairman Frank Lucas (R-OK) and Ranking Member Collin Peterson (D-MN)

Senate Agriculture, Nutrition, and Forestry Committee: Chairwoman Debbie Stabenow (D-MI) and Ranking Member Thad Cochran (R-MS)



DEFENSE AND NATIONAL SECURITY

One of the last pieces of legislation passed by the 113th Congress was the *FY13 National Defense Authorization Act* (NDAA), the annual defense authorization bill. While the conference report ultimately passed by both the Senate and House contained several provisions that were the subject of a White House veto threat, due to the limited legislative timeframe and the politics that make the NDAA a “must pass bill,” the NDAA was ultimately signed into law.

On January 7th, President Obama officially nominated former Senator Chuck Hagel (R-NE) to succeed Secretary of Defense Leon Panetta. Both before and following the nomination, many defense industry stakeholders spoke out in support or opposition to Hagel’s nomination. While supporters tout his expertise in defense and foreign policy and his career in public service, those in opposition have expressed concern over Hagel’s past remarks considered anti-gay and not sufficiently pro-Israel. President Obama has called for Hagel to be quickly confirmed, but it remains to be seen how the process will play out, given the opposition.

There will also be changes on the White House National Security Council (NSC), especially in light of President Obama’s announcement on January 7th that he will nominate his top counter-terrorism advisor and career intelligence official John Brennan to replace David Petraeus as Director of the Central Intelligence Agency (CIA).

New defense leaders will play a role in defining a new agenda that will likely continue to be driven by issues related to defense spending. With continuing budget pressures influencing changes in the U.S. national security strategy, we have seen the defense industrial base and other foreign policy stakeholders pursuing advocacy to protect defense and diplomacy spending. As economic troubles persist, we may see legislative proposals surface in the 113th Congress that shift from traditional thinking that is primarily defense-oriented to more comprehensive national security budgeting that includes diplomacy, development, and defense in an integrated approach to allocating resources.

Issues

Defense Spending and Sequestration: Congress has yet to adopt a long-term solution that would permanently reverse sequestration or identify alternative and targeted spending cuts to supplant the automatic \$500 billion in across the board cuts in defense spending. However, the defense sector fared relatively well in the tax-related fiscal cliff package delaying sequestration, with only \$2 billion of the \$24 billion in savings to offset the two-month delay coming from the FY13 budgets of DoD and other security-related agencies. In the short term, DoD has also been spared potential furloughs of 800,000 DoD civilian personnel. In the longer term, it remains uncertain how DoD will absorb further decreases in spending, which are anticipated to restore the Pentagon’s budget to 2007 levels. Over the past year, defense leaders have provided some insight regarding how defense budget cuts could be implemented. Continued reductions in defense spending are likely to result in even greater reductions in force size and greater reliance on Special Forces operations and assistance from U.S. allies abroad. We can also continue to expect scrutiny of large DoD acquisitions programs, the size of the U.S. nuclear arsenal, and the restructuring of military benefits.



Foreign Military Sales: With the scaling back of U.S. defense spending and movement towards a strategy that entails greater reliance on U.S. allies, the continuation of the upward trend in foreign military sales (FMS) intended to equip U.S. partners with the most advanced military technologies is expected. For four consecutive years, FMS have exceeded \$30 billion - a significant increase over the last decade when FMS averaged just \$12 billion. In the past year, FMS have more than doubled the totals from FY2011, with 65 FMS cases notified to Congress this year valued at more than \$63 billion. Among FMS cases notified this year was a \$5 billion F-35 Joint Strike Fighter sale to Japan, symbolic of the pivot to Asia in the U.S. defense strategy, and a \$7.6 billion sale of the Terminal High Altitude Area Defense System (THAAD) to the UAE and Qatar that supports the U.S. goal of establishing regional missile defense on the Arabian Peninsula. It is anticipated that China's aggressive maritime behavior in the South China Sea, the continuation of North Korea's missile and nuclear programs, and the election of new pro-American leaders in Japan and South Korea in December 2012 will increase arms sales to the region. With FMS on the rise, the State Department has indicated that it is informally working with congressional staff to increase communications related to foreign arms sales prior to the start of the formal notification process with the goal of making congressional notifications as efficient as possible.

Export Control Reforms: Important to FMS, and defense trade more generally, the State Department has incorporated export control reform initiatives into its economic statecraft initiative. The goal of ongoing export control reforms is to ensure that U.S. resources are used to safeguard only the most sensitive weapons technologies. To achieve this goal, the State Department, in partnership with DoD and the Department of Commerce, has made progress on rewrites of the U.S. Munitions List (USML) and the Commerce Control List (CCL). Already, ten USML categories have been published for public comment and six additional categories have been reviewed with drafts of proposed rules undergoing interagency review. The USML category pertaining to export of satellites was addressed in the FY13 NDAA through inclusion of a provision that removes commercial satellites from the USML. The remaining two USML categories are currently under review and are being drafted into proposed rules for public comment. As this work continues, the State Department will also take on revisions to the International Traffic in Arms Regulation (ITAR) with the objective of streamlining the licensing process. ITAR revisions are likely to include the drafting of a new replacement parts and components exemption, a new incorporated articles exemption, and clarifications on the exemption for exports made by or for the U.S. Government.

Contracting Reforms: Following the release of the Commission on Wartime Contracting Report in August 2011, Senator Claire McCaskill (D-MO) and Representative John Tierney (D-MA) championed legislative efforts in the 112th Congress to implement the recommendations of the Commission. Many of these recommendations were ultimately included as part of Title VIII of the FY13 NDAA, which addresses DoD acquisition policies. Among the provisions are: enhanced whistleblower protections; new data collection and reporting requirements for DoD, State, and USAID contractors operating in contingency environments; the establishment of a lead inspector general for overseas contingency operations; and new requirements for suspension and debarment policies at DoD, State, and USAID. In the 113th Congress, the Senate Homeland Security and Governmental Affairs Committee and the House Oversight and Government Reform Committee will oversee the implementation of these provisions. In the new Congress, the Senate Ad Hoc Subcommittee on Contracting Oversight, which has been chaired by Senator McCaskill, could become a permanent subcommittee, especially as incoming Homeland Security and Governmental Affairs Committee Chairman Tom Carper has



indicated there will be reorganization of subcommittee jurisdictions. House Oversight and Government Reform Committee Chairman Darrel Issa (R-CA) has also indicated the Committee will adopt new and fewer (a transition from seven to five) subcommittees.

Cybersecurity: Although the 112th Congress struggled to reach consensus on comprehensive cybersecurity legislation and as a result the private sector is still awaiting the formal unveiling of an executive order from the White House, likely early this year ([see section on Telecommunications below](#)), Congress made some progress in addressing the threat of cyber-attacks on U.S. national security infrastructure in the FY13 NDAA. Of particular interest, the NDAA directs DoD's Chief Information Office, the Under Secretary of Defense for Acquisition, Technology, and Logistics, and the Commander of U.S. Cyber Command to coordinate and develop a strategy to acquire next-generation host-based cybersecurity tools and capabilities for DoD. The bill also requires the collection and analysis of network flow data for the purposes of identifying cybersecurity threats, tracking illicit cyber operations, and providing early warning and assessment of cyber-attacks. In addition, the NDAA requires the Secretary of Defense to report to the Armed Services Committees quarterly on cyber operations and also directs the Secretary to establish procedures for defense contractors to report on a successful penetration of their cyber networks. These new provisions will be implemented under the oversight of the new Congress.

Veterans' Issues: While some progress was made on veterans' issues in the 112th Congress, a clear list of priorities is evolving for the 113th Congress. House Veterans Affairs Committee Chairman Jeff Miller (R-FL) has indicated that addressing the ever growing backlog of disability claims will be one of the first issues considered by the Committee in the New Year. Representative Mike Coffman (R-CO) who will become Chairman of the Subcommittee on Oversight and Investigations has also indicated interest in addressing the availability of post-traumatic stress disorder treatment options for veterans. Other veterans' issues that are expected to top the agenda include relatively high unemployment rates among veterans and rising suicide rates within the veteran population.

Committees of Jurisdiction

House Appropriations Committee: Chairman Harold Rogers (R-KY), Ranking Member Nita Lowey (D-NY)

House Defense Appropriations Subcommittee: Chairman Bill Young (R-FL), Ranking Member Peter Visclosky (D-IN)

House Homeland Security Appropriations Subcommittee: Chairman John Carter (R-TX), Ranking Member David Price (D-NC)

House Military Construction, Veterans Affairs, and Related Agencies Appropriations Subcommittee: Chairman John Culberson (R-TX), Ranking Member Sanford Bishop (D-GA)

House Armed Services Committee: Chairman Buck McKeon (R-CA), Ranking Member Adam Smith (D-WA)

House Homeland Security Committee: Chairman Mike McCaul (R-TX), Ranking Member Bennie Thompson (D-MS)



House Intelligence Committee: Chairman Mike Rogers (R-MI), Ranking Member Dutch Ruppersberger (D-MD)

House Oversight and Government Reform Committee: Chairman Darrell Issa (R-CA), Ranking Member Elijah Cummings (D-MD)

House Veterans Affairs Committee: Chairman Jeff Miller (R-FL), Ranking Member Mike Michaud (D-ME)

Senate Appropriations Committee: Chairman Barbara Mikulski (D-MD), Ranking Member Richard Shelby (R-AL)

Senate Defense Appropriations Subcommittee: Chairman Barbara Mikulski (D-MD), Ranking Member Richard Shelby (R-AL)

Senate Homeland Security Appropriations Subcommittee: Chairman Mary Landrieu (D-LA), Ranking Member Dan Coats (R-IN)

Senate Military Construction, Veterans Affairs, and Related Agencies Appropriations Subcommittee: Chairman Tim Johnson (D-SD), Ranking Member Mark Kirk (R-IL)

Senate Armed Services Committee: Chairman Carl Levin (D-MI), Ranking Member James Inhofe (R-OK)

Senate Homeland Security and Government Affairs Committee: Chairman Tom Carper (D-DE), Ranking Member Tom Coburn (R-OK)

Senate Intelligence Committee: Chairman Dianne Feinstein (D-CA), Ranking Member Saxby Chambliss (R-GA)

Senate Veterans Affairs Committee: Chairman Bernie Sanders (I-VT), Ranking Member Johnny Isakson (R-GA)



EDUCATION

Although the 112th Congress did not produce significant education policy measures, H.R. 8, the fiscal cliff agreement known as the *American Taxpayer Relief Act*, included several education tax-related provisions important to college students and their families. H.R. 8 made permanent the Student Loan Interest deduction, which allows a deduction of up to \$2,500 of the interest paid on student loans. Also extended permanently was the Section 127 Employer Provided Educational Assistance program, which provides up to \$2,500 in tax-free educational assistance annually. H.R. 8 extended through 2013 the above-the-line tuition deduction for higher education expenses. Further, the American Opportunity Tax Credit, which allows a maximum credit of \$2,500 for qualified tuition and related expenses, was renewed for five years as a part of the package and is now extended until the end of 2017.

The 113th Congress will face the expiration of two key educational policy laws, the *Elementary and Secondary Education Act* (ESEA) and the *Higher Education Act* (HEA). Reauthorization of these measures will be a top legislative priority, and it is believed that Congress will tackle HEA before it considers ESEA.

The President has highlighted numerous other higher education priorities, including capping repayments on federal student loans at 10 percent of income, lowering monthly payments, and forgiving student debt after 20 years instead of the current 25 years of payment. He is also expected to push for higher education accountability with regard to repayment of student debts and employability of college graduates. The Department of Education will also continue to advocate for its P20 agenda, which covers preschool through graduate school.

U.S. Secretary of Education Arne Duncan is likely to remain in his cabinet post

Issues

Elementary and Secondary Education Act (ESEA) Reauthorization: ESEA sets parameters for K–12 education and funding. Although the Administration and many in Congress have recognized that the last ESEA reauthorization, known as “No Child Left Behind” and passed during the George W. Bush Administration, placed many burdens on states which are unrealistic, reauthorization of ESEA proved elusive in the 112th Congress. With Senator Lamar Alexander (R-TN), who served as Education Secretary in the George H.W. Bush Administration, taking over as Ranking Member of the Health, Education, Labor and Pensions Committee in the 113th Congress, there is hope that there will be a renewed effort to pass a reauthorization.

Under the Obama Administration, state educational agencies have been eligible to request that the Department of Education grant them flexibility in implementation of ESEA. Currently, flexibility requests from 34 states and the District of Columbia have been approved. Although “No Child Left Behind” has been praised for forcing schools to become more accountable for the education of poor and minority children, it has been criticized for what some regard as a singular focus on test scores. Opponents have also faulted the law’s system of rating schools, which tarred many with a low performing label. In exchange for the flexibility waivers, schools and districts must agree to set new targets aimed at preparing students for colleges and careers.



Higher Education Act (HEA) Reauthorization: HEA is the cornerstone of the federal government's commitment to post-secondary education. HEA governs the Department of Education's programs on accreditation, international and graduate education, teacher training and, most importantly, dozens of financial aid programs for students. Congress is likely to begin hearings on reauthorization of the HEA in 2013, providing an opportunity for the Administration and congressional Republicans to float new ideas to improve access, completion and affordability.

Higher Education Accountability: In his second term, President Obama is expected to focus on higher education accountability, having indicated that he will require all institutions of higher education to report statistics on how students repay their debts after graduating or leaving school. The data provided by colleges and universities would indicate how many students are repaying loans as well as how their student loan debts will compare to earnings after graduation. The president has said he will also require all institutions to reveal career placement numbers for their graduates. While a federal district judge ruled against portions of the Administration's "Gainful Employment" rule, it is expected that the Department of Education will revamp and reissue the rule, which is designed to identify institutions that are not providing degrees that enable students to repay their student loans, and to revoke their eligibility for federal grants and loans.

Student Loan Interest Rates: Last year, the Obama Administration proposed, and Congress passed, an agreement that kept interest rates for new subsidized Stafford Loans at 3.4 percent, instead of 6.8 percent. This one year extension will expire on July 1, 2013 and loan rates will reset at the higher amount. It is anticipated that the Obama Administration will strongly support an extension of the lower rate.

Pell Grants: New Pell Grant awards are also expected on July 1, 2013. Although the program's costs are expected to remain flat over the next decade, the Pell Grant program faces an \$8 billion funding gap in Fiscal Year 2014 and a \$58 billion shortfall through 2022 due to the way Congress has funded the program in recent years causing its cost to appear artificially low. The Administration's 2012 budget proposal stated that the Administration will work with Congress in 2013 or 2014 to make the difficult choices needed to ensure the long term stability the program.

DREAM Act: The *Development, Relief, and Education for Alien Minors (DREAM) Act* would provide conditional permanent residency to certain undocumented residents who graduate from U.S. high schools, arrived in the United States as minors, and who have lived in the country continuously for at least five years prior to the bill's enactment. To secure permanent residency, DREAM Act beneficiaries would need to go on to graduate from a two-year community college, complete at least two years of a four year degree, or serve two years in the U.S. military.

Nearly all analyses show that in the recent presidential election high turn-out among Hispanic voters was crucial to President Obama's reelection. This fact leads many observers to conclude that there will be tremendous pressure on the White House to push for Congress to pass the DREAM Act in the 113th Congress.

[The DREAM Act is also discussed in the Immigration section of this report.](#)



Science, Technology, Engineering and Math (STEM) Education: During the 2012 presidential campaign, President Obama unveiled plans to create an elite corps of master teachers – a \$1 billion effort to boost U.S. students' achievement in science, technology, engineering, and math (STEM). The program to reward high-performing teachers with salary stipends is part of a long-term effort by President Obama to encourage education in high-demand areas that hold the key to future economic growth and to close the achievement gap between American students and their international peers.

Congress has also pledged to do more for STEM funding as it becomes increasingly imperative to close the gap between American and foreign students. While there was no significant STEM legislative activity in the 112th Congress, it is anticipated that both Congress and the White House will support a renewed focus on funding for STEM education.

Committees of Jurisdiction

House Education and the Workforce Committee: Chairman Jon Kline (R-MN) and Ranking Member George Miller (D-CA)

Senate Health, Education, Labor & Pensions Committee: Chairman Tom Harkin (D-IA) and Ranking Member Lamar Alexander (R-TN)



ENERGY AND ENVIRONMENT

At the conclusion of a tumultuous 112th Congress lame duck session, energy sector tax credits were spared in the *American Taxpayer Relief Act* (H.R. 8), and the industry as a whole received more than \$18.1 billion to extend existing tax incentives over a ten-year period. The renewable energy and energy efficiency industries achieved a significant victory in securing a last-second \$12.2 billion extension of production and investment tax credits, even broadening the scope to allow projects put under construction in 2013 to qualify. The package also includes language to extend tax credits for cellulosic biofuels, biodiesel, ethanol, and energy efficiency technologies. Though the extensions provide a reprieve for the renewable energy and energy efficiency sector, tax reform is a top priority for the 113th Congress, and many of the tax credits face a potential phase-out or elimination in the near future. Congressional tax-writing committees are planning to consider how to streamline numerous energy tax provisions, though each provision has its supporters and opponents, and it remains to be seen whether, or how, each can be eliminated or reduced to a more consistent technology-neutral regime.

As part of the fiscal cliff negotiations, Congress also passed a nine month extension of the Farm Bill with some exemptions, averting a dairy price hike but including no mandatory funding for renewable energy programs. The 113th Congress will have nine months to pass a new farm bill ([USDA energy programs are discussed in more detail in the Agriculture section of this document](#)).

The current political environment makes comprehensive energy legislation a heavy lift, but recent studies on climate change and the record number of severe weather events could lead to a renewed focus. We can expect, however, movement on more pragmatic, modest measures, as well as a renewed commitment toward energy efficiency proposals, with a bipartisan group in the Senate and House having recently had their appetites whetted by the end of the year passage of a targeted, compromise energy efficiency piece.

As President Obama's second term begins, plans are already underway to reorganize the Department of Energy's Office of Energy Efficiency and Renewable Energy (EERE). Assistant Secretary of Energy David Danielson wants to minimize technology "stove piping" within EERE offices and foster cross-cutting technology and innovation coordination between existing programs. Currently, ten technology programs are organized into two larger offices: Energy Efficiency and Renewable Energy; and each is led by a Deputy Assistant Secretary. Danielson will create a new, third Office of Transportation, led by its own Deputy Assistant Secretary. Current Biomass, Fuel Cell, and Vehicle Technology Programs will be placed in this new office. Remaining research programs will be divided between renewable power and energy efficiency, much as they are now. In taking a page from the more active ARPA-E program management, EERE program managers will also adopt a "go/no-go" authority, giving them greater latitude to determine whether a project is worth pursuing further if it is not meeting internal benchmarks. If not, funds can be reallocated elsewhere.

Of course, even with an internal reorganization, the agency's effectiveness will be reduced if sequestration or negotiated budget cuts slash the budget. Lawmakers have until March to negotiate an agreement on the remaining six months of Fiscal Year 2013 appropriations and to stop sequestered budget cuts. While both Republicans and Democrats want to stop the automatic across-the-board cuts, they cannot agree on what agencies and programs should be targeted instead. The Department of Energy could see its budget cut by eight percent if sequestration were allowed to take effect. Some



Democrats say they will protect funding for clean-energy research, arguing the spending is critical for the environment and the country's economic future, particularly at a time of climate volatility. However, some Republicans have their cross hairs set on DOE's clean-energy programs; they see the grants and loan guarantees as distortions to the private market that should be eliminated. While some want to disband the entire agency, most Republicans probably would see the agency continue but with a significantly smaller budget focused on basic energy research and without programs to help commercialize new technologies.

The Environmental Protection Agency (EPA) will have an increasingly active regulatory agenda, with many rulemakings anticipated in the coming months, many of which were stalled amidst election year politics. Congressional efforts to block or delay the regulation are also expected, although this could prove difficult with a divided Congress.

Energy Secretary Steven Chu is widely viewed as wanting to leave his post and return to California, although he has made no formal announcement. Many names are mentioned as possible successors, but there is no clear frontrunner.

EPA Administrator Lisa Jackson has announced that she will not remain for the second term of the Obama Administration. As with the DOE post, there are many names suggested as possible replacements, including Katie McGinty, chair of the Council on Environmental Quality (CEQ) in the Clinton Administration, and later Secretary of the Pennsylvania Department of Environmental Protection.

On January 16, Interior Secretary Ken Salazar announced that he will not remain for the second term, and will leave by the end of March. Potential replacements include Christine Gregoire, the former governor of Washington, and John Berry, Administrator of the Office of Personnel and Management.

The following sections provide a more in depth analysis of the top issues concerning tax and finance policy; clean energy and efficiency programs; and environmental regulations.

Tax and Financing Issues

Taxes: The energy sector achieved a reprieve as part of the fiscal cliff deal. The renewable energy and energy efficiency industries achieved a major victory in securing a last minute extension of production and investment tax credits.

With little chance of a carbon tax or cap and trade regime, and without a clean energy standard, these tax credits are the de facto federal energy policy for renewable energy and energy efficiency. The Act extended eligibility under the section 45 production tax credit (PTC) for wind, biomass, and geothermal projects that commence construction before January 1, 2014, instead of those placed in service before the deadline.

The wind industry fought a bruising battle with many Republicans for this one-year extension, and even with the more expansive commence construction language, the window of eligibility will close soon, given the long lead-time of projects. Even with congressional supporters of the production tax credit



acknowledging that a phase-out of the credit is necessary, discussion in the 113th Congress will shift to the future of these credits.

But the wind tax credit will not be the only potential casualty of tax reform. The tax-writing committees have already expressed a desire to examine how to streamline various energy tax provisions. It remains to be seen whether, or how, various production tax credits and investment tax credits can be reduced to a more consistent technology-neutral regime. Some Democrats and the Obama Administration will continue to advocate for the repeal of provisions for the oil and gas industry. Others will continue to advocate for tax parity via master limited partnerships (MLPs) and real estate investment trusts (REITs)—whose advantageous tax-pass through status is enjoyed by midstream fossil energy and real estate sectors—by expanding them to include renewable energy.

Various clean energy sectors will continue advancing targeted incentives. Algae managed to qualify for the cellulosic production tax credit in the fiscal cliff package. Renewable chemicals, biogas, and the microturbine industry are also seeking parity with comparable technologies.

48C Advanced Energy Manufacturing Tax

Incentive: While Recovery Act programs are almost completely wound down, we anticipate that the roughly \$150-\$200 million in monies left over from the \$2.3 billion competitive tax incentives issued by Treasury for clean energy manufacturing will be re-competed sometime in 2013.

DOE Loan Guarantee Program: While the Congressional Republican furor over Solyndra has receded, DOE still has approximately \$170 million in credit subsidy for the Section 1703 Innovative Loan Guarantee program. With the election complete, the DOE is expected to quietly move forward with loan guarantees for a handful of projects. Unlike the 1705 program, current applicants will be expected to pay upfront a portion, if not all, of the credit subsidy—essentially the cost to the government of making the loan guarantee in order to maximize federal investment dollars and private sector capital. Since it is highly unlikely that Congress will infuse the program with additional funds, the future of the program is unclear once this next round of projects is financed.

International Project Financing: While the U.S. energy finance policy landscape remains in flux, other nations are adopting aggressive clean energy deployment goals which will continue to promote investment interest abroad. With the 2012 debate over the reauthorization of the Export-Import Bank

Key energy tax questions for 2013

- Will the wind credit be phased out, and over what period of time? How will this impact other technologies that qualify for the credit (biomass, geothermal, hydropower, small irrigation, landfill gas and municipal waste)?
- Will Congress streamline various tax provisions into a more technology-neutral approach? If not, will expiring credits be extended in their current form after 2013?
- Will the oil and gas industry tax provisions be targeted as a source of revenue?
- Will Congress be any more willing than last year to create new incentives for natural gas vehicles and infrastructure?
- Will certain pass-through tax structures such as Master Limited Partnerships (MLPs) and Real Estate Investment Trusts (REITs) survive tax reform or will they be expanded to include clean energy?



(Ex-Im) in the rearview mirror, the U.S. clean energy industry will continue to seek preferential financing instruments and terms through federal financing institutions such as the Ex-Im and the Overseas Private Investment Corporation (OPIC), as well as other multilateral institutions such as the International Finance Corporation (IFC), World Bank, and regional development banks such as the Asian Development Bank (ADB), and Inter-American Development Bank (IADB).

Clean Energy and Efficiency Policy Issues

Energy Efficiency: Legislative proposals in the energy efficiency area will continue to garner bipartisan support, and we may anticipate a continued commitment to energy efficiency efforts within the Administration as well.

Following an extensive negotiation, Congress passed, and the President signed into law, the American Energy Manufacturing Technical Corrections Act of 2012 (H.R. 6582) at the end of the year. The compromise measure includes language from several House and Senate energy efficiency bills, including tweaking appliance standards for water heaters and commercial refrigerators, promoting energy efficient technology development, studying the barriers to industrial efficiency and the best practices for federal government advanced metering, and disclosing federal facilities' energy and water usage.

Though small portions of their more extensive package were included in the tailored measure, Senators Jeanne Shaheen (D-NH) and Rob Portman (R-OH) are already preparing an aggressive push for their energy efficiency legislation in the new Congress. Their comprehensive energy efficiency bill (S. 398) would add, expand, and improve energy conservation standards for existing and new products; authorize a state-level revolving loan fund for financing manufacturing efficiency upgrades; and encourage states to adopt more stringent building code standards.

With The American Council for an Energy Efficient Economy and others holding the view that incentives to build energy-efficient homes and promote efficient appliances are among the most successful energy tax breaks, incoming Senate Energy and Natural Resources Committee Chair Ron Wyden (D-OR) will consider legislation this Congress that creates a more level playing field across energy sources, including via the tax benefits they receive.

Representatives Cory Gardner (R-CO) and Peter Welch (D-VT) were joined by a handful of their colleagues December 5 in forming a bipartisan caucus focused on promoting energy efficiency in government buildings. We may expect this caucus to increasingly address energy efficiency issues in the House during the 113th Congress.

In the Senate, a new Climate Change Caucus was started in December by Senator Barbara Boxer (D-CA), chair of the Environment and Public Works Committee, who cited Hurricane Sandy as having created a renewed interest in seeing legislation to address global climate change.

Energy Efficiency Standards: The Department of Energy will also continue to utilize its regulatory authorities to promulgate energy conservation standards and test procedures for residential, commercial, and industrial equipment. DOE has begun to make progress on unclogging the backlog of energy efficiency standards that had accumulated over the past five years, and is beginning to utilize its



existing authorities to establish energy efficiency standards for new products such as residential set top boxes, and commercial equipment such as industrial compressors.

Clean Electricity Standard: Though we can expect Senators Wyden and Lisa Murkowski (R-AK) to focus on different policies than Senator Jeff Bingaman (D-NM) did during his tenure as chair of the Senate Energy and Natural Resources Committee, one issue that may continue to receive attention is the potential creation of a federal clean energy standard. Its legislative prospects and pathway to enactment remain unclear, but there remains considerable support for such a standard.

Procurement: Another area of continued federal investment is in the deployment of clean energy assets at federal agencies and Department of Defense installations. While each of DoD's service branches has taken their own unique approach to producing 25% of their installation energy from renewables using different contracting authorities, we anticipate that the groundwork laid by the Army, Navy, and Air Force over the last year will begin to result in significant opportunities for developing renewable projects across the country with the federal government. We anticipate the Administration will continue to exercise its procurement authority in advancing other aspects of its clean energy agenda, as has been done via Executive Order, such as the procurement of bio-based products.

Other Energy Issues: Whereas Senator Bingaman's approach to energy policy bordered on the academic at times and was often broad in scope, incoming Energy and Natural Resources Chair Wyden is expected to take a more pragmatic, targeted approach in leading the committee. He is bringing some new staff, and, like his predecessor, he is seen as willing to work across the aisle. He is already working with Ranking Member Murkowski to investigate several areas – including a recent request that the Department of Interior examine whether coal companies are understating the value of coal mined on federal and tribal lands to avoid paying higher royalties, and the impact of natural gas exports. They will also seek to move a series of small-scale, achievable bills.

Senator Murkowski is planning to release her energy blueprint sometime this month, focusing on making energy “abundant, affordable, clean, diverse, and secure,” as well as outlining her priorities and potential areas of compromise. She and Senator Mary Landrieu (D-LA) are also planning to pursue revenue sharing legislation that funnels royalties to coastal states, and Senator Wyden has suggested that he is willing to consider their efforts – an effort that the previous chairman did not support.

If the Senate Energy Committee is the upper end of the bipartisan, pragmatic scale, the other end is the Senate Environment and Public Works Committee. EPW Committee Chairwoman Barbara Boxer (D-CA) frequently butted heads with previous Ranking Member Senator Jim Inhofe (R-OK) over climate change and EPA regulations. Incoming Ranking Member Senator David Vitter (R-LA) will be a staunch advocate for the fossil fuel sector, but he probably will be a less vocal opponent to Chairwoman Boxer. The pair already are partnering in other areas, such as work on the next *Water Development Resources Act*, and they worked together successfully on the Transportation bill passed last year that will need to be reauthorized in a year. With regard to environmental issues—sure to come to the fore with the nomination of a new EPA Administrator—the impasse in the committee will continue.

The House Energy and Commerce Committee under Chairman Fred Upton (R-MI) is expected to continue its oversight of the Obama Administration's energy and environmental policies.



Representative John Shimkus (R-IL), chairman of the Environment and Economy Subcommittee, will pursue legislative efforts to limit EPA's regulation of hydraulic fracturing and coal ash. Representative Ed Whitfield (R-KY), as chairman of the Energy and Power Subcommittee, is positioned to lead Republican opposition to EPA regulations on greenhouse gas emissions and other initiatives impacting the coal industry.

House Oversight and Government Reform Committee Chairman Darrell Issa plans a sustained focus on energy issues, including continued investigations into the energy stimulus program, the Department of Energy loan program, and the wind production tax credit.

Environmental Regulatory Issues

Clean Air and Water Regulations: The Environmental Protection Agency is expected to advance or continue to address a number of major and controversial regulations over the next year, some of which had stalled amid election year politics. Some of these pending and/or likely contested regulations include the following:

- New source performance standards for greenhouse gas emissions from new power plants.
- Mercury and air toxics standards for new power plants, which are currently being reconsidered (the agency is on track to issue the final rule by March 2013).
- A tougher national ambient air quality standard for ozone, a chief component of smog.
- Tightened standards for particulate matter. EPA denied petitions for reconsideration December 14 over attainment and nonattainment designations for the 2008 ozone air quality standard. The agency published a final rule with attainment designations for the 2008 ozone national ambient air quality standard of 75 parts per billion on May 21.
- Standards for boilers, industrial incinerators, and cement makers (the rule has been pending at the Office of Budget and Management since May 17). The agency released the final Boiler MACT rule December 21, setting emissions standards for boilers, incinerators, and cement manufacturing facilities; the agency also finalized changes to a rule that determines which products would not be considered waste if used as a fuel. The previous day, to meet a court deadline, the agency signed revisions to the 2010 cement manufacturing emissions rule, extending time for industry to implement the rule.
- Resolving how to address air pollution that crosses state lines. A federal court threw out the Cross-State Air Pollution Rule earlier this year, but the agency has appealed the decision and is waiting to see whether the court will rehear the case. If it does not, the issue will be returned to the EPA, since the Bush-era Clean Air Interstate Rule was left in place but has also been deemed inadequate by the courts.
- A report on the impact of hydraulic fracturing and drinking water (the agency released a progress report December 21, and a final draft report is expected to be released for public comment and peer review in 2014). The report may provide impetus for those who want additional federal oversight.
- Regulation of coal ash under the Resource Conservation and Recovery Act. The rule is mired in litigation and EPA has received hundreds of thousands of comments, suggesting that a rule-making process would not be finished until at least 2014.
- Implementation of new Tier III gasoline standards, which will lower the sulfur content in fuel.



- Guidelines for third party verification of renewable identification numbers under the renewable fuels standard. The agency sent a proposed rule to the Office of Management and Budget December 15 for interagency review.
- Air quality standards for lead (the agency released a preliminary policy assessment January 8 suggesting that it should consider retaining existing standards).

EPA will also press ahead with regulations on carbon emissions from biomass. The agency's initial proposal faced criticism from its own Science Advisory Board, whose conclusions the biomass industry considers unwieldy and unworkable. Treatment of waste will be less controversial than that of round wood, but the EPA has not yet settled on an approach for either. Environmentalists seem to have steered EPA away from declaring all biomass emissions to be carbon neutral, but it remains to be seen how EPA handles different feedstocks. The agency is also expected to study new pathways for advanced biofuels as part of the renewable fuels standard.

As mentioned above, Representative Ed Whitfield is expected to keep pushing back against EPA regulations from his post on the House Energy and Commerce Committee Energy and Power Subcommittee. Still, the divided Congress most likely means that congressional opponents of EPA action will find it difficult to pass legislation restraining the agency's regulatory powers. While many in industry fear an unshackled EPA, some environmentalists are weary that the President will compromise on his environmental agenda rather than push ahead with major climate or energy initiatives.

Renewable Fuel Standard (RFS2): A fierce debate continues about the future of the Renewable Fuels Standard (RFS2), which mandates annual biofuel volumes that must be blended in the nation's fuel mix. The biofuels industry, whose production of corn ethanol is pushing up against the RFS2's 15 billion gallon ceiling, is battling calls from an unusual coalition of environmentalists, the livestock sector, and the oil industry to repeal the standard. While the EPA has had to lower targets for cellulosic biofuel to date, the first cellulosic biorefineries are expected to announce production early this year, and others are under construction. These plants represent the technological shift from corn ethanol to next-generation feedstocks that are not dependent on food crops.

The EPA rejected petitions from several states to waive the RFS in the wake of the drought in 2012, but this will not at all deter efforts in Congress to overturn the RFS2.

While Congress decides the fate of the RFS2, EPA is facing a backlog of regulations implementing the standard. The agency will release a number of new fuel pathways and will also adopt new quality assurance guidelines to reduce fraud in the biofuels market.

Military Biofuels: While the Navy's "Great Green Fleet" initiative was heavily scrutinized by Republicans in the 112th Congress, the program remained intact after surviving several attempts by critics to end the program during 2013 National Defense Authorization Act (NDAA) deliberations. The Navy – along with DOE and USDA – will continue to advance the Defense Production Act (DPA) program whose purpose is to stand up a domestic drop-in aviation biofuels industry through either direct investments in cellulosic biorefineries or through offtake agreements for the biofuels themselves.



Keystone XL: Nebraska's Department of Environmental Quality sent the Final Evaluation Report on the revised Keystone XL pipeline route to Governor Dave Heineman (R) January 4. The final report found that the proposed route avoids the Sand Hills and fragile soils in the states, and that any impacts to groundwater due to spill would impact local, but not regional, water sources. The governor must review the report within 30 days, and his decision and comments will be incorporated into the State Department's Supplemental Environmental Impact Statement.

Both supporters and opponents of the pipeline are gearing up for a fight over its anticipated approval. However, because of potential political ramifications, it is unclear as to when the pipeline could gain final approval.

Department of Interior Issues

As custodian of the federal lands that encompass one-fifth of the country's landmass, the Department of Interior (DOI) has an enormous impact on energy development. Over the last four years, Interior Secretary Ken Salazar has prioritized energy production on federal lands. Salazar has generally won plaudits for aggressively trying to site renewable energy projects. Late last year DOI finalized a program to spur development of solar energy on public lands in Western states. This year DOI will move forward with the first competitive leases for offshore wind power off the Atlantic coast.

Drilling Moratorium: Following the offshore drilling moratorium following the Gulf oil spill that it perceived as overly broad, the oil and gas industry has faulted Salazar for not moving quickly enough in opening up new areas for oil and gas leases. According to DOI, the agency will hold 33 lease sales around the country in 2013, up from 31 in 2012. The agency claims the six million acres onshore offered for bid last year was twice as much as was offered in 2009.

Offshore, Shell's recent mishaps have not helped its efforts to expand drilling in the Arctic. After spending several years and billions and dollars, Shell began preliminary drilling in Arctic seas last year, only to have its operations mired by poor weather, equipment failures, and a series of accidents. The latest news of a drilling rig running aground prompted Secretary Salazar to announce an expedited review of Arctic operations. This assessment by federal regulators—expected by early March—could halt or scale back Shell's efforts to explore for oil in Alaska's Arctic waters. With a number of other companies eager to expand operations into the Arctic, the review also likely will influence how much domestic development eventually occurs in the region.

Hydraulic Fracturing: Back on shore, the gas industry has resisted attempts by EPA and DOI to regulate hydraulic fracturing operations on federal land. In May 2012, DOI floated an interim rule that would force drillers operating on federal lands to disclose chemicals used in hydraulic fracturing, or "fracking." The rule also would have required drillers not only to verify that fracking fluids were not escaping into neighboring water supplies but also to manage so-called flow-back water. Officials had expected to finalize the rules by the end of 2012, but in December, DOI announced it was postponing the rule to deal with a deluge of comments. A group of industry and Republican governors is pushing DOI to scrap the rule entirely.



Committees of Jurisdiction

House Energy & Commerce Committee: Chairman Fred Upton (R-MI) and Ranking Member Henry Waxman (D-CA)

House Natural Resources Committee: Chairman Doc Hastings (R-WA) and Ranking Member Ed Markey (D-MA)

House Ways and Means Committee: Chairman Dave Camp (R-MI) and Ranking Member Sandy Levin (D-MI)

Senate Energy & Natural Resources Committee: Chairman Ron Wyden (D-OR) and Ranking Member Lisa Murkowski (R-AK)

Senate Environment & Public Works Committee: Chairman Barbara Boxer (D-CA) and Ranking Member David Vitter (R-LA)

Senate Finance Committee: Chairman Max Baucus (D-MT) and Ranking Member Orrin Hatch (R-UT)



FINANCIAL SERVICES

Looking back on the last year, despite a general sense that not much was accomplished, the House and Senate actually managed to pass a number of key pieces of legislation of interest to the financial services industry. These include the *Stop Trading on Congressional Knowledge (STOCK) Act*, which prohibited Congressional staff from “insider trading” but was more noteworthy for dropping provisions that would have expanded the legal definition of lobbying to include “political intelligence,” and *the Jumpstart Our Business Startups (JOBS) Act*, which, among other things, eased securities regulations to spur startup growth. In addition to these legislative accomplishments, the 112th Congress passed several bills important to the banking industry, including one containing a legislative fix to frivolous lawsuits related to Automated Teller Machines (ATM) fee disclosure signs and a technical fix related to how the Consumer Financial Protection Bureau (CFPB) treats privileged information.

With the drama of the fiscal cliff now behind us, we can already look to another series of cascading challenges in the first quarter of 2013 as members of the 113th Congress will have to address the debt limit and sequestration. This is because of the decision not to raise the \$16.4 trillion debt ceiling in the deal on the fiscal cliff. Congress will have to address the U.S. borrowing limit sometime before March, which will coincide with the two month delay of the sequestration cuts agreed to in the fiscal cliff compromise, as well as the expiration of the Continuing Resolution funding the government for just the first six months of FY13.

On the regulatory side, regulators continue to implement provisions of the Dodd-Frank *Wall Street Reform and Consumer Protection Act*. Whether the convergence of these issues can be dealt with in a way that does not roil markets remains to be seen. In addition to these macroeconomic issues there continues to be a slow march toward full implementation of the Dodd-Frank Act. As of January 2, 2013, only 40 percent of the rules whose deadlines have passed have been finalized by regulators. However, we expect a slight bump in the percentage of finalized rules as agencies tend to slow down implementation around elections. Still, as the Administration continues to roll out Dodd-Frank provisions, it is expected that the House Financial Services, Agriculture, and Oversight & Government Reform Committees will continue their heavy use of their oversight power over the law.

Although the Dodd-Frank Act created mechanisms intended to resolve the concept of “too big to fail (TBTF),” the issue remains alive and receiving continued scrutiny. Interestingly, “TBTF” is an issue that bridges a broad partisan divide. In 2013 it is likely the Government Accountability Office (GAO) will take up the issue due to the efforts of Senators Sherrod Brown (D-OH) and David Vitter (R-LA) who sponsored legislation which passed the Senate directing the GAO to study if the largest financial institutions receive an unfair advantage due to the perception that they are TBTF. We will also likely see the debate around TBTF emerge in the continued attempts to revisit the Volcker Rule.

Similar to past years we expect that any effort to make broad changes to the financial services reforms will be stifled in the Senate. However, there appears a better chance than in past years for bipartisan technical changes to be realized.



Issues

Housing Finance Reform: In the 112th Congress, the Senate Banking, Housing and Urban Affairs Committee held a number of hearings related to housing issues, not advancing any legislation, but setting the stage for action in the 113th Congress. Among the issues considered in the 112th Congress were the Housing and Urban Development Agency's (HUD) response to fiscal challenges at the Federal Housing Administration (FHA), the *Responsible Homeowner Refinancing Act*, expanding refinancing opportunities, and ways in which to strengthen the housing market.

As part of the run up to housing finance reform in Congress, Democrats in the Senate and House and the White House have called for legislative changes to expand the Home Affordable Refinancing Program (HARP), which the Federal Housing Finance Agency (FHFA) created in 2009 to help underwater homeowners refinance their mortgages. The program was revised in 2011 to HARP 2.0, which allowed more homeowners to refinance under the program, cut fees for borrowers who want to refinance into short-term mortgages, and eliminated a cap that prevented underwater borrowers who owed more than 125 percent of what their property is worth from accessing the program.

While HARP is scheduled to end on December 31, 2013, there is potential for a HARP 3.0 to expand the program beyond Fannie Mae and Freddie Mac and to reach a greater number of mortgage borrowers. The *Responsible Homeowner Refinancing Act of 2012*, sponsored by Senators Robert Menendez (D-NJ) and Barbara Boxer (D-CA) would have further built on changes made by HARP 2.0 and expand opportunities to access historically low interest rates for borrowers who make their mortgage payments on time. It is likely that the *Responsible Homeowner Refinancing Act* or similar legislation to extend and expand HARP will be taken up in the 113th Congress.

In addition to mortgage legislation, it is likely that government-sponsored enterprise (GSE) reforms will be on the table in the 113th Congress. On the House side, in particular, federal housing reform will likely be a priority as incoming House Financial Services Committee Chairman Jeb Hensarling (R-TX) has identified GSE overhaul as a priority and has introduced legislation in past years to wind down Fannie and Freddie. Likewise, incoming Ranking Member of the Committee Maxine Waters (D-CA) has also made clear that housing reform is a priority, saying "housing finance reform, in particular, will be crucial to ensuring the long-term success and stability of our economy." In addition, Representative Scott Garrett (R-NJ), chairman of the subcommittee with jurisdiction over the GSEs and a long-time supporter of a private housing market, has expressed hope that Republicans and Democrats can find a solution to reform the GSEs.

Implementation of Financial Reforms and Other Regulation: As of January 2, 2013, regulators have only finalized 136 rules (34 percent) to implement the Dodd-Frank Act. To date, efforts to mitigate the impact of Dodd-Frank through legislative, judicial, and regulatory strategies and to slow, overturn, or gut portions of the Dodd-Frank Act have been largely unsuccessful. As with the 112th Congress, any attempts to make sweeping changes to the reforms or repeal the law are likely to die in the Senate, even if they can pass the House. Whether or not there is an appetite to take on technical changes to the law in Congress, as many industry stakeholders hope, remains to be seen.

For example, Senator Mark Warner (D-VA), a member of the Senate Banking Committee, has come out in support of bipartisan corrections legislation to the Dodd-Frank Act, including measures to



address transparency, derivatives, the Volcker Rule, and relief for small banks from the Basel III capital requirements. While there is potential for bipartisanship on several of the issues, any legislative efforts would need to be narrowly focused. Similar to last year, any proposal that would change the leadership structure or budgetary authority for the CFPB, a high priority for some Republicans, would be viewed unfavorably by Senate Democrats.

In 2013, we can expect regulatory agencies to tie up loose ends on a number of Dodd-Frank Act rulemakings, including:

- Federal Reserve will finalize enhanced prudential standards for nonbank financial institutions that have been designated systemically important;
- The CFTC will finalize rules governing swap execution facilities (SEFs), address position limits, the international approach to swaps regulation, and swaps clearing governance;
- The SEC will finalize rules related to reliance on credit ratings agencies in existing regulations and implement final rules on compensation, corporate governance, and disclosure;
- The CFPB will address a number of consumer protection issues, including remittances, the CARD Act, prepaid card oversight, and reporting of mortgage data.
- Regulators will likely complete the Volcker Rule early in 2013.

In addition to implementation of the Dodd-Frank Act, the CFTC is likely to address strengthening protections of segregated customer funds in the wake of the MF Global and Peregrine collapses and the SEC or the Financial Stability Oversight Council (FSOC) will likely take on reforms to money market mutual funds.

Further implementation of Dodd-Frank Act reforms in 2013 will be colored by a number of leadership changes at key financial regulators. Director of the CFPB Richard Cordray's term ends at the end of 2013, it is anticipated that continued Republican opposition may prevent President Obama from getting a nominee through the Senate confirmation process. And of course, Senator Elizabeth Warren (D-MA), one of the architects of the CFPB and now a member of the Banking Committee, is expected to be a vocal supporter of the Bureau.

Treasury Secretary Timothy Geithner will leave his position at the end of January, and President Obama has said he will nominate his chief of staff, Jack Lew, who served as Director of the Office of Management and Budget (OMB) under Presidents Clinton and Obama, to fill the post.

Likewise, SEC Chairman Mary Schapiro, though her term did not end until June 2014, departed the agency in December. President Obama designated Commissioner Elisse Walter to succeed Schapiro on an acting basis. As Walter has already been confirmed to the SEC, she may be Chairman without further Senate confirmation through the end of 2013. A new Commissioner, who may or may not be designated Chairman, will likely be nominated soon. Rumored names for possible replacements include Mary Miller, Treasury undersecretary for domestic finance, current Democratic member of the Commission Luis Aguilar, and former SEC commissioner Harvey Goldschmid.

At the CFTC, Chairman Gensler's term has already expired but he can remain in his position until the end of 2013. It is unlikely Gensler will be re-nominated as he would have a difficult, if not impossible, confirmation battle in the Senate due to bipartisan concerns about Gensler's attempts to implement



Dodd-Frank derivatives rules. Given the potential challenges to re-nominating Gensler, the Obama Administration will likely be hesitant to spend political capital on the fight. As with Chairman Schapiro, it is unclear who would succeed Gensler but Democratic Commissioners Mark Wetjen and Bart Chilton could both be considered potential replacements.

Comprehensive Tax Reform: Although rumored to be supported by both President Obama and Speaker Boehner, comprehensive tax reform was never really envisioned to be part of a fiscal cliff compromise. That said, lawmakers in both Chambers and on both sides of the aisle appear to have set the stage for comprehensive tax reform in the 113th Congress. Both Senate Finance Chairman Max Baucus (D-MT) and House Ways and Means Chairman Dave Camp (R-MI) have expressed interest in a tax code overhaul in the 113th Congress and the two Committees held three joint hearings last year on ways in which to overhaul the tax code, which many see as a sign the Chairmen are serious about moving forward because the two Committees had not met together for tax-related hearings in more than 70 years. [This issue is also covered in the Tax and Entitlement Reform, Budget and Appropriations section of this document.](#)

Committees of Jurisdiction

House Financial Services Committee: Chairman Jeb Hensarling (R-TX) and Ranking Member Maxine Waters (D-CA)

Senate Banking Committee: Chairman Tim Johnson (D-SD) and Ranking Member Mike Crapo (R-ID)

House Ways and Means Committee: Chairman Dave Camp (R-MI) and Ranking Member Sander Levin (D-MI)

Senate Finance Committee: Chairman Max Baucus (D-MT) and Ranking Member Orrin Hatch (R-UT)



FOREIGN POLICY

It remains to be seen exactly what the 2013 foreign policy agenda will include, as there will be great turnover in both Administration and congressional leadership in foreign policy. It was widely known that Secretary of State Hillary Rodham Clinton intended to leave the Administration following President Obama's first term. After backlash from remarks she made on Sunday morning talk shows regarding the terrorist attack on the U.S. diplomatic compound in Benghazi, U.S. Ambassador to the United Nations (UN) Susan Rice withdrew her name for consideration to follow Clinton as Secretary of State. On December 21st, President Obama announced that he would nominate Senator and Chairman of the Foreign Relations Committee John Kerry (D-MA), to serve as the next Secretary of State. Kerry is expected to enjoy a swift confirmation process.

In Congress, we will also see new chairmen and ranking members on both the Senate Foreign Relations and House Foreign Affairs Committees. With Senator Kerry moving to the State Department, it is widely believed that Senator Bob Menendez (D-NJ) will assume chairmanship of the Foreign Relations Committee. With 112th Congress Ranking Member Richard Lugar (R-IN) losing his primary in the 2012 elections, the next most senior Republican, Senator Bob Corker (R-TN) will become Ranking Member. Due to GOP rules on term limits, Representative Ileana Ros-Lehtinen (R-FL), who chaired the House Foreign Affairs Committee in the 112th Congress, will pass the gavel on to Representative Ed Royce (R-CA). Representative Howard Berman (D-CA), Ranking Member of the committee in the 112th Congress, was defeated in one of the most contentious member-on-member races in the 2012 election cycle and will be replaced as Ranking Member by Representative Eliot Engel (D-NY).

New foreign policy leaders are likely to continue to prioritize issues that remained under consideration at the end of President Obama's first term. For example, diplomatic security will continue to be a priority in the new Congress, especially given the recent focus on recommendations stemming from investigations of the Benghazi attack. In addition, the number of ongoing points of tension around the world, including the withdrawal of formal U.S. presence in Afghanistan, violence in Syria, the nuclear ambitions of Iran, continued aggressive behavior demonstrated by North Korea, and a new regime in China, will continue to attract both congressional and Administration attention.

Issues

Embassy Security: At the end of the 112th Congress, there were several hearings on the September 11th Benghazi attack. On December 18th, an independent review panel released a report on the attack finding that security at the U.S. embassy was inadequate and showed a lack of transparency and leadership in the State Department. Following the release of the report, four State Department officials responsible for diplomatic security were placed on administrative leave. On December 31st, the Senate Homeland Security and Governmental Affairs Committee also released a bipartisan report stating that the State Department had ignored intelligence on the security situation in Benghazi, as well as repeated requests from U.S. staff in country for more security resources, including personnel. In her preface to the report 112th Congress, Ranking Member Susan Collins (R-ME) also placed blame for the attack on the intelligence community, DoD, the Obama Administration, and Congress. Secretary of State Hillary Clinton, while unable to appear before Congress on the attack due to illness, indicated that steps would be taken immediately to increase security, including the placement of hundreds of Marine guards at



posts around the world. As the likely incoming Secretary of State, Senator Kerry has also expressed support for carrying out such changes under the oversight of the new Congress.

Africa: As investigations of the incident in Benghazi continue, it is likely that there will be additional resources diverted to the region, and in particular U.S. Africa Command, for additional personnel, ships, and aircraft to protect Americans in Northern Africa, which is increasingly becoming a haven for terrorist groups. Congress will also continue to be wary of the threat posed by the Lord's Resistance Army (LRA) and even included the sense of Congress in the foreign policy title of the *FY13 National Defense Authorization Act* (NDAA) that there should be greater operational coordination between U.S. and African regional forces to address the violence.

Middle East: In the aftermath of the Arab Spring, there has been continuing instability in the Middle East. The U.S. has also provided, and will likely continue to provide, humanitarian assistance to Syria. While the regime of Syrian dictator Bashaar al-Assad has been significantly weakened, Secretary of State Hillary Clinton has advocated for continued U.S. support of local councils led by the opposition that are committed to a stable transition to a post-Assad Syria, an approach likely to be continued by Senator Kerry if confirmed as Secretary of State. In the aftermath of passage of a UN resolution on November 29th that officially recognizes Palestine as a non-member observer state to the UN – a move opposed by U.S. leaders – it remains to be seen if the U.S. will fully engage in the Israeli-Palestinian peace process. In addition to these challenges, the U.S. is continuing to adjust its defense and foreign policy strategy to account for the withdrawal of formal U.S. military presence from Afghanistan. Afghan President Hamid Karzai was in Washington in early January to meet with U.S. officials as DoD and the White House approach a final decision on the number of U.S. troops to remain in Afghanistan beyond 2014. Another perceived threat to U.S. interests is Iran's nuclear program, despite the U.S. imposition of even steeper economic sanctions on Iran, including new sanctions that were added to the FY13 NDAA. Senator Kerry has advocated for the continuation of diplomatic talks with Iranian President Mahmoud Ahmadinejad, although he was reluctant to rule out the possibility of a flashpoint with Iran on the horizon.

Asia: Similarly, tensions with North Korea over the country's ballistic missile program will be the subject of close monitoring, especially following the December launch of a North Korean satellite. While it appears the satellite is tumbling and has become inactive, North Korean media continues to broadcast the launch as a triumph that commemorates the first anniversary of the death of Kim Jong-il. In the New Year, the U.S. will also seek to strengthen its relationship with China under the leadership of new Chinese President Xi Jinping, who will be tasked with the challenges of addressing corruption and moving the country towards greater reliance on private enterprise and consumer spending as China's economy continues to grow. It remains to be seen how President Xi will influence mounting territorial disputes in the region, despite the growth in U.S. military presence and trade ties in the region. While the Senate hoped to address some of the maritime territory disputes in the 112th Congress by ratifying the Law of the Sea Treaty, the convention ultimately was not voted on by the Foreign Relations Committee. Beyond China, the U.S. will also look to strengthen its relationships with other emerging economic powers, notably India and Brazil, through promotion of balanced trade initiatives.

Russia: The U.S. is also now facing new strains in its relationship with Russia. While President Obama signed a bill into law in December granting Russia permanent normal trade relations (PNTR) status, the legislation also imposes visa bans and asset freezes on Russians accused of human rights violations. In



what has been perceived as an act of retaliation, Russian President Vladimir Putin signed a bill into law on December 28th barring Americans from adopting Russian children. The U.S. has publicly condemned the legislation, but must incorporate these new developments into the overarching diplomacy strategy with Russia.

NATO: While relationships with European allies remain stronger than ever, Secretary Clinton has indicated that future work with partners in Europe should focus on modernizing NATO, especially to account for untraditional threats such as cyber warfare.

Foreign Aid: The amount of federal money spent on foreign aid has become a point of tension, especially as conflicts around the globe have made some members of Congress skeptical of investments in development programs in countries that continue to pose threats to U.S. national security. Contrary to popular belief, only about one percent of the federal budget is spent on foreign aid. In the 112th Congress, Senator Rand Paul (R-KY) emerged as one of the fiercest opponents to foreign aid. As recently as December 28th, Senator Paul as proposed cuts to the foreign aid budget as an offset to pay for supplemental appropriations for Hurricane Sandy relief. While the amendment was ultimately defeated in a 91-3 vote, Senator Paul's bill would have cut the foreign aid budget by one third, or approximately \$9 billion. Despite seemingly strong opposition, Senator Lindsey Graham (R-SC) and others have expressed concerns that such proposals will remain on the table in the new Congress. In addition, on December 30th, the House passed legislation that would seek to alleviate some concerns about spending on foreign aid through increased transparency and efficiency. The bill, introduced by Representative Ted Poe (R-TX) would require the President to establish uniform guidelines across all U.S. foreign development assistance programs with measurable goals, performance metrics, and monitoring and evaluation plans and would also establish a public website with detailed information on a program-by-program and country-by-country basis, updated quarterly by all federal departments and agencies that administer U.S. foreign development assistance. Because the Senate never voted on the bill, similar legislation may be introduced in the new Congress.

Bilateral Nuclear Cooperation Agreements: At the end of the 112th Congress, several bilateral nuclear cooperation, or 123, agreements remained stalled, notably pending agreements between the U.S. and Saudi Arabia, Jordan, and Vietnam. A 123 agreement does not typically commit the U.S. to any specific exports or other cooperative activities, but establishes a framework of conditions and controls to govern subsequent commercial transactions. It is speculated that many of these pending agreements are still being prepared within the State Department's Office of Nuclear Energy, Safety and Security. Once finalized by the State Department, the agreements must be sent to President Obama, who then must submit agreements to Congress with a review period of 90 days of continuous session. Staff for the Foreign Relations Committee for the 112th Congress had noted that Senate Foreign Relations Committee Ranking Member Lugar had wanted to convene a hearing to create some pressure to move the agreements forward, but the limited congressional calendar created few opportunities for such a hearing. As these pending 123 agreements are likely to be completed during President Obama's second term, we may see the reintroduction of legislation in the new Congress that seeks to revise the process for congressional approval of 123 agreements, such as the legislation introduced by former Senator John Ensign (R-NV) in the 112th Congress that would require congressional approval of all 123 agreements through a joint resolution. Passage of such legislation would result in a departure from the current approach of approving 123 agreements unless a joint resolution is passed in opposition.



Committees of Jurisdiction

House Appropriations Committee: Chairman Harold Rogers (R-KY) and Ranking Member Nita Lowey (D-NY)

House State and Foreign Operations Appropriations Subcommittee: Chairman Kay Granger (R-TX) and Ranking Member Adam Schiff (D-CA)

House Foreign Affairs Committee: Chairman Ed Royce (R-CA) and Ranking Member Eliot Engel (D-NY)

Senate Appropriations Committee: Chairman Barbara Mikulski (D-MD) and Ranking Member Richard Shelby (R-AL)

Senate State and Foreign Operations Appropriations Subcommittee: Chairman Patrick Leahy (D-VT) and Ranking Member Lindsey Graham (R-SC)

Senate Foreign Relations Committee: Chairman Bob Menendez (D-NJ) and Ranking Member Bob Corker (D-TN)



HEALTH CARE

As with the previous Congress, health care policy will continue to be a significant topic of debate for the 113th Congress within two main contexts: (1) implementation of the *Patient and Protection and Affordable Care Act* (ACA), and (2) reform of government health programs as it pertains to the larger debt, deficit and entitlement reform debate. Although the ACA largely survived the Supreme Court ruling and a contentious presidential election, there will still be internal policy challenges to contend with while implementing it. The most significant coverage portions of the law, including the exchanges, subsidies for coverage, and penalties for failure to do so, go into effect beginning in 2014. This means 2013 will be a very busy planning year at the Department of Health & Human Services (HHS) as the Administration finalizes a number of rules and regulations and sub-regulatory guidance documents which will be accompanied by the usual congressional oversight.

As the year begins, stakeholders should also keep a close watch on the evolving debate over the nation's debt problem. With sequestration looming, a need to raise the country's debt ceiling, and an approaching deadline to fund the government – all of which playing out within the context of the larger deficit debate – reforms to federal and entitlement programs that will either glean savings or make the programs more efficient and sustainable in the long term will surely be a top topic of conversation. In addition to these two primary discussion drivers, there are also a number of other health care issues that must be addressed in 2013 that allow stakeholders from across the spectrum to weigh in with key policy makers to shape critical policy.

Issues

Implementation of the ACA

Over the course of 2013, the Obama Administration will be tasked with implementing some of the most significant – and controversial – portions of the ACA. In particular, the Administration will need to guide the states through set-up of the health insurance exchanges as well as work to implement the law's Medicaid expansion, which was only complicated by the Supreme Court ruling in 2012. This means HHS will be looking to release heaps of additional and final regulations governing the implementation of the ACA in the early spring in order to have exchanges ready for consumers for the inaugural “open season” on October 1, 2013. States that have held off making decisions regarding the development of exchanges and Medicaid expansion until after the election are now weighing their options and looking for more information on how to proceed with the health law.

The Administration will again be working with a split controlled House and Senate which suggests more of the same action at the congressional level that was seen in 2012. The Republican-controlled House will continue to push for the repeal of the ACA which is sure to be dead on arrival with the Democratic-led Senate. Meanwhile, the Senate will be looking to focus its efforts on supporting ACA implementation and making technical fixes to improve the law. It remains to be seen, however, if the House and the Senate will be able to come together on certain technical corrections



to the ACA that have broad support, such as some modification to the medical device tax, or if the GOP will take a hard line against fixing the ACA before its provisions are implemented. Some of the most significant implementation areas can be found below.

Exchange Implementation: HHS has given conditional approval to 18 states to start their own exchanges. Although HHS has said it is prepared to manage the exchanges in states that have opted out of establishing their own, the law envisioned that federally-run exchanges would be the failsafe rather than the norm. States have until February 15, 2013, to submit a blueprint to join the federal government in a partnership exchange. The Administration wants to give Republican-controlled states that have been resistant to implementing portions of the ACA more time to reconsider and entertain the notion of participating in running their exchanges.

Furthermore, states that want to transition from a partnership exchange to a fully state-based exchange in 2015 must file a blueprint with HHS by Nov. 18, 2013. This is probably intended to give states more flexibility and alleviate some federal obligation in the long term.

Breakdown as of 1/3/2013

State (18 + DC)	Partnership (7)	Federal (24)	Undecided (1)
California*, Colorado*, Connecticut*, DC*, Hawaii*, Idaho*, Kentucky*, Maryland*, Massachusetts*, Minnesota*, Mississippi*, Nevada*, New Mexico, New York*, Oregon*, Rhode Island*, Utah*, Vermont*, Washington*	Arkansas, Delaware, Illinois, Iowa, Michigan, North Carolina, West Virginia	Alabama, Alaska, Arizona, Georgia, Indiana, Kansas, Louisiana, Maine, Missouri, Montana, New Hampshire, Nebraska, New Jersey, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Virginia, Wisconsin, Wyoming	Florida
* Denotes conditional approval			

HHS is expected to release final regulations on setting actuarial values, the exchanges, essential health benefits, guaranteed issue and insurance reforms in the early spring. The expectation of the industry is to get a better sense of what the federal exchange will look like and function. Also, how the individual mandate will work and how it will be enforced by the Internal Revenue Service (IRS) remains a big question that will need to be answered over the course of the year.



As mentioned above, October 1, 2013 is the deadline for when open enrollment in the exchanges will begin with coverage starting January 1, 2014. There will be pressure on both the states and the Administration to have the exchanges working for consumers. Many believe that the law's success will depend largely on getting people enrolled in October which is not coincidentally also about the time that employers will begin open enrollment periods for the 2014 calendar year.

On December 28, 2012, the IRS issued new proposed rules on the obligations of large employers under the ACA. The IRS says that large employers must cover the families of employees and the proposed rules answer questions on how the full-time status of foreign and seasonal workers should be calculated. The rules state that as of January 1, 2014, employers with 50 or more full-time employees (including full-time equivalent employees) will be required to offer at least 95% of their full-time employees and their dependents "minimal essential" health benefit coverage or pay a penalty if any full-time employee receives a federal subsidy to purchase insurance through a health exchange. This penalty will be \$2,000 for each full-time employee in excess of 30 employees.

Medical Device Tax: A new 2.3% excise tax on the sale of medical devices by manufacturers, producers, or importers began January 1, 2013. According to the Congressional Budget Office (CBO), it is projected to collect \$20 billion by 2019. An exemption is made for hearing aids and glasses, but devices like defibrillators and pacemakers will be subjected to the tax. The medical device industry opposes the tax on the grounds that it will cost thousands of medical device jobs (some estimate up to 40,000 jobs) and stifle technology innovation. Assuming companies will attempt to pass along the tax to customers, the cost of medical devices will increase, impacting the out of pocket cost for consumers. Several members of Congress on both sides of the aisle have introduced bills to modify or repeal the tax.

Individual Taxes: On January 1, 2013, upper income earners now face a 0.9% tax increase on the income they earn in excess of \$200,000 (for couples filing jointly, it will hit those that make in excess of \$250,000). This is referred to as the Medicare tax increase and is imposed to put revenue towards the Medicare Trust Fund. Up until now, individuals received a tax deduction if all their total medical expenses added up to more than 7.5% of what they earn. Those expenses now will have to add up to 10% or more for most tax filers. Lastly, health benefits will now be shown on W-2 tax forms issued in 2013 for wages paid in 2012. There will be a line on the form showing the benefit employees receive from their employer-sponsored health care. This is intended to help individuals understand their benefits better and make health care spending more transparent.

Flexible Saving Accounts (FSAs): In the past, employers set the limit on how much employees could set aside from their paychecks tax free to pay for medical expenses not covered by their insurance. The majority of companies set an FSA limit of around \$5,000. As of January 1, 2013, the government is now limiting FSA's to \$2,500.

Medicaid Expansion: One of the core provisions within the ACA to expand coverage to currently uninsured involved a significant and controversial expansion of the nation's Medicaid rolls. However, although the Supreme Court upheld constitutionality of the law, the Court's ruling allowed states to opt out of the law's expansion, leaving each state's decision to participate in the hands of



the nation's governors and state leaders. Medicaid expenses for low-income individuals have been a joint partnership between federal and state governments, with the federal government covering at least half of the costs depending on a state's match rate. The federal government will cover 100 percent of the costs of expanding Medicaid to 133 percent of the federal poverty level (FPL) from 2014 to 2016, decreasing to 90 percent in 2020 and thereafter. Individuals in states that choose not to expand their Medicaid coverage will still be subject to the ACA's individual mandate but eligible for subsidies on the exchange.

Many states have argued that there is no guarantee that federal government will continue to share in the cost of the expansion going forward, and have cited already strained state budgets as justification for resisting expansion in the face of uncertainty. Some states have floated idea of covering adults up to 100 percent of the poverty level, arguing that federal subsidies for health plans through exchanges are available for those making between 100 and 400% of the FPL. HHS has responded that expansion is all-or-nothing. There is no set deadline for states to decide if they're going to participate in the health law's Medicaid expansion. But most states will make decisions to expand alongside their budget requests.

Court Challenges re: Religious Liberty and the ACA: One of the most significant outstanding court cases against the ACA on the basis of religious liberty involves Liberty University. In November of 2012, the Supreme Court ordered the 4th Circuit Court of Appeals court to hear arguments on the case where Liberty University, a Christian institution, is opposing the employer insurance mandates and the requirement that insurance policies include contraception under the ACA. Liberty University's challenge to the employer coverage requirements could go before the 4th Circuit Court of Appeals this spring. Liberty is asking the Court to reconsider and wipe out a lower court ruling in order to revive the university's religious challenges to both the individual mandate and the separate insurance coverage mandate for employers. Legal experts say it's unlikely that it will find a favorable ruling in the 4th Circuit (which it first denied hearing under the Anti-Injunction Act) but that it is significant because if Liberty were to succeed it could be argued by the Supreme Court that the employer mandate is invalid and could take down a big piece of the ACA.

Other challenges include Wheaton College v. Sebelius in the D.C. Circuit that involves two religious educational institutions claiming that mandate violates rights to free exercise of religion and freedom of expression. Nebraska v. HHS in the 8th Circuit argues that the federal government cannot mandate to states and challenges the presumption of individuals "hypothetically" needing a health care service. Also, in Newland v. Sebelius in the 10th Circuit, the plaintiffs who are owners of small business that wants to run a company consistent with religious beliefs. They are for-profit employers and therefore not eligible for the temporary "safe harbor," that has been afforded to certain non-profit religious institutions that were granted a year delay of to implement a contraceptive mandate by the Administration. O'Brien v. HHS in the 8th Circuit also involves a private for-profit corporation on grounds of religious freedom. More lawsuits are expected to be filed in 2013 as implementation of the ACA takes place, however, it has been noted suggested the Supreme Court may not have a huge willingness to take on ACA cases (if these cases were to receive favorable



judgments in the lower courts) after the ruling handed down in 2012 which largely upheld the law. However, these court cases do pose one of the last legal hurdles for the ACA to get past.

Delivery System Reforms: Many of the ACA's highly anticipated delivery system reforms will be implemented this year by the Centers for Medicare and Medicaid (CMS), including establishment of additional accountable care organizations (ACOs), Medicare bundled payments and changes to the care of beneficiaries dually eligible for Medicare and Medicaid. Many think that improving the quality of health care and reining in rising health care costs will require the transformation of the delivery system and will rely on doctors, hospitals, and other providers working together to ensure that they provide the right care to the right patient. Rather than rewarding the quantity of care, payment systems are being reformed to reward high quality care. CMS believes these initiatives hold great potential in streamlining our fragmented health system and bringing down costs. Many Democrats, in anticipation of deficit reduction talks, have called for accelerating delivery reforms rather than cutting Medicare benefits to generate entitlement program savings.

Development and Expansion of Accountable Care Organizations (ACOs) under CMS: The next round of ACOs as part of the Medicare Shared Savings Program was set to start January 1, 2013, and just a few days ago HHS and CMS announced over 100 new ACOs, which would eventually cover an estimated 4 million Medicare beneficiaries. Overall, there are now over 250 ACOs, including Advanced Payment ACOs. The ACO model seeks to tie provider reimbursement to quality metrics and reductions in total cost of care for an assigned patient population. The ACO is accountable to the patients and third-party payors for the quality, appropriateness, and efficiency of the care provided. ACOs place a degree of financial responsibility on the providers in order to improve care management and limit unnecessary expenditures. As these ACOs become more established throughout the year, they will certainly help drive discussions around delivery system reform in the ACA.

Innovation Center's Bundled Payment for Care Improvement initiative: Under the Bundled Payments initiative, CMS would link payments for multiple services patients receive during an episode of care. The entire team is compensated with a "bundled" payment that provides incentives to deliver health care services more efficiently while improving quality of care. Providers will have flexibility to determine which episodes of care and which services would be bundled together. The initiative is part of CMS' efforts to move away from fee-for-service reimbursement and instead craft payments around particular "episodes of care." CMMI unveiled the 48 episodes from which providers can choose as part of the bundling demonstration.

State Demonstrations to Integrate Care for Dual Eligible Individuals: 15 states across the country have been selected to develop new ways to meet the costly medical needs of "dual eligibles." The goal of the program is to eliminate duplication of services for these patients and improve the lives of duals while lowering costs. Controversial efforts to pursue integrated care models for dual eligibles will also move ahead in 2013, as a handful of states hope to begin their demonstrations. Massachusetts, Washington and Ohio - the three states that have finalized demonstration agreements with CMS - are slated to start their demos in 2013. Lawmakers in both parties have expressed concerns about CMS' direction on the demos and are divided on the benefits of managed



care. Yet states and health plans are eager to put more dollars into managed care which health plans have been administering for years. CMS believes it has an opportunity to build on what health plans have been able to do with dollars, and Congress can replicate those efforts in federal health programs to help put them on a more sustainable path fiscally.

Debating the Deficit, Sequestration, and the SGR

The Administration and Congress scrambled in the late hours of 2012 and on New Year's Day devising a legislative package to prevent the United States from going over the "Fiscal Cliff," a series of across-the-board tax increases and spending cuts that would have automatically implemented without intervening legislative action. Although the compromise they reached was far from the "Grand Bargain" that President Obama and many members of Congress were seeking, Vice President Biden and Senate leadership came to an agreement to avoid the cliff for the early part of 2013.

The *American Taxpayer Relief Act* (H.R. 8) was passed to prevent steep tax increases for 99% of Americans and to delay the automatic "sequestration" spending cuts that were scheduled to go into effect due to an earlier agreement to raise the debt ceiling. H.R. 8 delays sequestration for two months, allowing Congress more time to focus on a comprehensive deficit reduction solution. The deal also provided much needed relief for physicians and Medicare beneficiaries, as of January 1, 2013, reimbursement rates for physicians under the Medicare program would have dropped by about 26.5% based off of the application of the sustainable growth rate (SGR) formula that adjusts Medicare physician reimbursement annually. The effect of the SGR formula, if it is actually implemented, is to decrease, not increase, physician reimbursement. Although there is widespread support for a "permanent fix" to the SGR, the steep costs of not implementing its cumulative reductions leads Congress every year to seek a short-term solution. H.R. 8 freezes the Medicare physician reimbursement rate at its 2012 level until December 31, 2013 with a price tag of about \$25 billion over ten years. A more permanent, albeit expensive, solution for the Doc Fix will most likely be considered in 113th Congress as part of the upcoming debates starting this spring over the "debt ceiling" increase and continuing resolution.

This scenario sets up a convergence of events posing a challenge to the 113th Congress: (1) FY 2013 appropriations continuing resolution expires in March 2013 meaning Congress will need to finalize government funding resolutions for the balance of FY 2013; (2) current debt ceiling expected to be reached in late February 2013; and (3) the delay in sequestration from the *American Taxpayer Relief Act* will expire in March, meaning the 2% across-the-board cuts in government health programs will be enacted if further action is not taken. If a congressional "Grand Bargain" is not reached along the lines of the Simpson-Bowles recommendation than another delay with a "down payment," will be needed. Some think that the President would be forced to dip into health care savings as he has done in the past. A down payment may require significant cuts to the Food and Drug Administration (FDA), the National Institutes for Health (NIH) and the ACA Prevention and Public Health Fund to pay for a delay. Cuts to Social Security, Medicaid, CHIP, and benefits to Medicare beneficiaries have been off limits in the past. However, the President admitted during the latest fiscal cliff negotiations that Medicare was the largest driver of the deficit and that the program



needs to be reformed without hurting seniors. During fiscal cliff negotiations, the scope of proposed cuts to health programs ranged from \$350 billion to \$400 billion from the President and \$600 billion from House Speaker John Boehner (R-OH). Some possible compromises are starting to emerge on hot-button issues that previously would have halted negotiations. Even House Minority Leader Nancy Pelosi (D-CA) has said that some means-testing of Medicare may be on the table, and an increasing number of Members on both sides of the aisle are beginning to publicly discussed Chained-CPI to slow the growth in Social Security outlays in the future.

Other Significant Health Policy Debates

In addition to the primary health care debate drivers listed above, there will be several other important policy issues that will need to be addressed over 2013 that will shape the direction of the direction of health care policy. Some of these policy issues will stem from Supreme Court reviews of important cases while others will stem from Congress needing to act on reauthorizations of certain laws or in response to major public health care events. It can also be expected that House Oversight and Government Reform Committee will continue its scrutiny over the implementation of the ACA with investigations and hearings. Specifically, the Medicare Advantage Quality Bonus Payment Demonstration Program, electronic health records incentive programs and compounding pharmacies that the Republican Majority targeted in the 112th Congress will all be likely candidates for further review in the 113th.

Pharma, Medical Device, and Biotech: In 2013 there are a number of issues in the field of pharma, medical devices, and biotech that will come up for debate and allow stakeholders to weigh in. The first and potentially most high profile, spilling over from 2012, will be a number of legislative and House Oversight hearings on the issue of compounding pharmacies stemming from the meningitis outbreak at the New England Compounding Center. The Supreme Court is also scheduled to hear a major case on the legality of the “pay-for-delay.” Numerous legislative efforts in the past have attempted to outlaw pharmaceutical companies from paying to postpone generic competition from hitting the market. Regardless of the outcome of the case, there is certain to be a response from Congress. Similarly several bills aiming to alleviate problems posed by drug shortages from past Congresses will likely resurface and potentially be considered before the House and the Senate. Following the successful bipartisan user fee act effort of last year that touched from pharma, medical device and biotech companies, Congress will also have to consider the *Animal Drug User Fee Act* (ADUFA), which is sure to lead to debate over antibiotic use in the nation’s food supply and other sensitive issues. Finally, Congress will have to pick up the *Pandemic All-Hazards Preparedness Act* (PAHPA) reauthorization, which attracted significant bipartisan support in the last Congress and narrowly missed an agreement before the last Congress ended.

Food Safety: On January 4th, the Obama Administration released a number of new regulations amounting to the biggest overhaul effort of food safety rules in the country in more than 70 years. The proposed regulations, which had been delayed a significant amount of time, begin the process at the Food and Drug Administration of implementing the *Food Safety Modernization Act* passed in 2010. Over the past several years, a number of high profile health crises have resulted from contaminated



foods, and over the course of 2013, the Administration will likely place a high priority on the continued implementation of the law.

Health IT and Telehealth: CMS continues to administer its Medicare and Medicaid Electronic Health Record (HER) Incentive Programs which provide funds to eligible professionals, eligible hospitals and critical access hospitals as they adopt and demonstrate “meaningful use” of certified EHR technology. Meaningful use sets specific objectives that professionals and hospitals must achieve to qualify for funding. In response to concerns about providers struggling to get their EHRs set up, Congress delayed the start of Stage 2 of meaningful use by a year, to January 1, 2014. Providers will spend 2013 getting their EHRs prepared to demonstrate rigorous health information exchange (HIE), increased requirements for e-prescribing and incorporating lab results, and electronic transmission of patient care summaries across multiple settings.

Congress has also been instrumental in promoting telehealth at both the Department of Veteran Affairs (VA) and the Department of Defense (DoD). As part of the National Defense Authorization Act (NDAA) for FY2012, the DoD now permits qualified DoD health care professionals to use telehealth to treat service members regardless of their physical location. On March 6, 2012, the VA published a direct final rule that called for the waiving of copays for veterans using telehealth and telemedicine services to increase access to care. The rule took effect on May 7, 2012. Finally, in the closing days of the 112th Congress, Representative Mike Thompson (D-CA) introduced the *Telehealth Promotion Act of 2012* which would, among other things, establish a federal reimbursement policy to prohibit the exclusion of a service solely because it was provided via telehealth. It would also remove barriers to greater telehealth utilization in Medicare, and would greatly expand the role of telehealth throughout federal health programs. We expect to see more telehealth/telemedicine legislative activity, on both the federal and state levels, this year.

Stem Cell Research: On January 6th, 2013 the U.S. Supreme Court denied the petition for certiorari in *Sherley v. Sebelius*, a case challenging the Obama Administration’s policy of permitting federal funding for stem cell research. This denial, without comment by the Court, will allow the National Institutes of Health (NIH) to continue federally funded medical research using human embryonic stem cell research (hESC). The NIH will be able to continue to operate under current Obama Administration guidelines, with at least 75 stem cell lines qualifying for federal funding. Thus far, NIH has invested more than \$500 million in hESC and proponents of further federal funding argue that the ruling will not only remove the uncertainty associated with hESC research but will allow greater flexibility for labs to work collaboratively in promoting research which could treat a range of debilitating conditions. Some also believe that the Obama Administration may take this opportunity to update the NIH Guidelines, to reflect technological and scientific advances that have taken place in the past few years.



Committees of Jurisdiction

House Energy & Commerce Committee: Chairman Fred Upton (R-MI) and Ranking Member Henry Waxman (D-CA)

House Ways & Means Committee: Chairman Dave Camp (R-MI) and Ranking Member Sandy Levin (D-MI)

House Budget Committee: Chairman Paul Ryan (R-WI) and Ranking Member Chris Van Hollen (D-MD)

House Appropriations Committee: Chairman Hal Rogers (R-KY) and Ranking Member Nita Lowey (D-NY)

House Committee on Oversight & Government Reform: Chairman Darrell Issa (R-CA) and Ranking Member Elijah Cummings (D-MD)

Senate HELP Committee: Chairman Tom Harkin (D-IA) and Ranking Member Lamar Alexander (R-TN)

Senate Finance Committee: Chairman Max Baucus (D-MT) and Ranking Member Orrin Hatch (R-UT)

Senate Budget Committee: Chairman Patty Murray (D-WA) and Ranking Member Jeff Sessions (R-AL)

Senate Appropriations Committee: Chairman Barbara Mikulski (D-MD) and Ranking Member Richard Shelby (R-AL)

Senate Special Committee on Aging: Chairman Bill Nelson (D-FL) and Ranking Member Susan Collins (R-ME)



IMMIGRATION

Immigration is expected to become a high priority issue in the 113th Congress. Especially given the support President Obama received from the Latino community in his reelection, the White House is expected to work with Congress to advance immigration reform legislation this year. A Gang of 8 on Immigration has been formed in the Senate, including Senators Bennet (D-CO), Durbin (D-IL), Flake (R-AZ), Graham (R-SC), Lee (R-UT), McCain (R-AZ), Menendez (D-NJ), and Schumer (D-NY). This group is expected to produce legislative language in the first half of the year. On the House side, Representative Zoe Lofgren (D-CA) appears to be taking the lead immigration and she has stated that any comprehensive approach would have to protect our borders and also provide a way to meet our economic needs. Rep. Luis Gutierrez (D-IL) has taken a leave of absence from the Financial Services Committee to serve on the Judiciary Committee as immigration reform takes center stage. Speaker John Boehner (R-OH) has also voiced support for comprehensive reform, while Senator Marco Rubio (R-FL) and Representative Paul Ryan (R-WI) are also working on immigration legislation.

Issues

DREAM Act: After the *Development, Relief, and Education for Alien Minors Act* (DREAM Act) failed in the last session of congress, it is expected that it will be re-introduced in the 113th Congress. The Senate Judiciary Committee Subcommittee on Immigration, Refugees, and Borders held a hearing in July 2012 on the bill, and more hearings on the subject will likely occur in the next few months. Although the federal government has not acted on immigration reform, there has been action at the state level intended to push Congress and the Administration to act. Maryland voters approved a measure that had been labeled the state's version of the DREAM Act, allowing undocumented students to use in-state public college tuition rates granted they meet conditions such as attending Maryland high schools for at least three years. Even if congress is not successful in passing comprehensive immigration reform this session, proposals focused on education opportunities like the DREAM Act may move.

IDEA Act: Rep. Zoe Lofgren (D-CA) is planning on re-introducing the Immigration Driving Entrepreneurship in America (IDEA) Act in the 113th Congress. This proposal would amend the Immigration and Nationality Act to establish a priority visa for an immigrant who has a qualifying master's or higher degree in a science, technology, engineering, or mathematics (STEM) field and an employment offer from a U.S. employer. According to Rep. Lofgren, this bill would provide opportunities for high-skilled immigrants, as well as for American STEM students.

E-Verify: In September 2012, President Obama signed into law a bill which amended the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 to extend the E-Verify program through the end of September 2015. The law also extends the EB-5 Visa Program and the Special Immigrant Non-minister Religious Worker Program. The Legal Workforce Act, introduced by Representative Lamar Smith (R-TX), was reported out of the House Judiciary Committee but was never considered by the full House in the 112th Congress. This bill would create a similar



employment eligibility verification system, getting rid of the I-9 form. This proposal will likely be re-introduced and folded into the larger immigration reform discussion.

EB-5 Visa: Under the EB-5 Visa Program, immigrants investing at least \$500,000 in qualified investments or regional centers to create at least ten jobs can obtain a green card. It was established by the Immigrant Investor Pilot Program and then became law under the *Immigration and Nationality Act*. Last September the *Illegal Immigration Reform and Immigrant Responsibility Act* was amended to extend the EB-5 Visa Program through September 2015.

H-2B Guest Worker Visa: The H-2B visa program allows non-agricultural employers to bring in workers for one-time, seasonal, or intermittent basis work. While 2012 saw employers adjusting practices to comply with 2011 Department of Labor guidelines; many employers felt the requirements—such as paying for transportation to and from work, using new wage calculations, and guaranteeing 75% of full-time pay even if work cannot occur—are too burdensome.

Birthright Citizenship: Last year the Supreme Court considered Arizona's controversial SB 1070 law, which required non-citizens to register with the federal government and have these documents with them at all times. In its June 2012 decision, the Court upheld part of SB 1070 which allows police officers to check the status of suspected illegal immigrants. However, the Court struck down the provision allowing police officers to arrest suspected illegal immigrants without a warrant, the requirement to carry registration documents at all times, and the state criminal offense status of an illegal immigrant seeking or holding a job.

Following last year's Supreme Court decision in Arizona v. United States, Senators Vitter (R-LA) and Paul (R-KY) introduced a joint resolution to amend the 14th amendment clarifying the status of individuals born to undocumented parents. The resolution did not gain any traction and died in Committee. However, the birthright discussion is expected to continue in the 113th Congress. Already, Representative Steve King (R-IA) has introduced H.R. 140, The *Birthright Citizenship Act of 2013*, which would amend the *Immigration and Nationality Act* to state that children born in the U.S. to undocumented parents are not automatically citizens. The bill has been referred to the House Judiciary Committee. The bill will not gain much traction, but is indicative of a group in Congress that is still deeply opposed to any easing of immigration law.

Committees of Jurisdiction

House Judiciary Committee: Chairman Bob Goodlatte (R-VA) and Ranking Member John Conyers (D-MI).

House Immigration Policy and Enforcement Subcommittee: Chairman Trey Gowdy (R-SC) and Ranking Member Zoe Lofgren (D-CA).

Senate Judiciary Committee: Chairman Patrick Leahy (D-VT) and Ranking Member Chuck Grassley (R-IA).



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STRATEGIES

Senate Immigration, Refugees, and Border Security Subcommittee: Chairman Chuck Schumer (D-NY) and Ranking Member John Cornyn (R-TX).



LAW ENFORCEMENT & JUDICIARY

Law enforcement and judiciary issues are expected to receive a lot of attention in the 113th Congress. Chairman Leahy and Chairman Goodlatte will have many important issues on the docket for the Senate and House Judiciary Committees, including immigration, gun control, and privacy. While [immigration is covered in more detail in its own section of this report](#), below is a discussion of the top gun control and privacy concerns for the 113th Congress.

Issues

Gun Control: After the shooting at Sandy Hook Elementary School in Newtown, CT on December 14, lawmakers have put gun related issues at the forefront going into the 113th Congress. Vice President Joe Biden has been meeting with stakeholders to discuss gun safety and violence in the media and video games, including representatives from the National Rifle Association (NRA), the Motion Picture Association of America (MPAA), and the Entertainment Software Association. President Obama and the Vice President announced numerous gun control policy proposals on January 16. Among the proposals are 23 Executive Actions signed by the President, with others requiring action by Congress, including a call for a ban on military-style assault weapons and a limit on the sale of large capacity magazines. The proposals also address mental health and school safety programs, and urge Congress to investigate and regulate violent video games.

While the entertainment and video industries appear willing to work with lawmakers on this issue, it will be difficult to regulate videogame violence because of a 2011 Supreme Court ruling that affirmed video games have equal First Amendment protection to that of books, newspapers, and other forms of speech. According to the decision in Brown v. Entertainment Merchants Association, the government lacks the power to restrict expression because of its message, ideas, subject matter, or content. Senate Commerce Committee Chairman Jay Rockefeller (D-WV) has announced that he plans on re-introducing legislation this year to study the impact of violent video games and video programming on children. Chairman Rockefeller originally introduced the proposal, which would direct the FCC and FTC to work with the National Academy of Sciences to determine whether violent programming or video games have any harmful effects on children, in December but it failed to move at the end of the 112th Congress. Passing this legislation is a major priority for Rockefeller before he retires at the end of this session.

Senator Dianne Feinstein (D-CA), a vocal supporter of gun control – and in particular, a renewal of the expired ban on assault weapons – indicated in the days following the Sandy Hook shooting that she would introduce legislation in the 113th Congress to ban the sale, transfer, importation and possession of assault weapons. Further, the planned measure would ban the same for big clips, drums, or strips of more than 10 bullets.

In addition to the Vice President's and Senate efforts, a number of House members have already introduced bills in the 113th Congress to address issues related to gun violence. Many of these bills are focused on school violence and requirements for purchasing ammunition. Specifically, Representative Carolyn McCarthy (D-NY) has introduced four gun control bills since the 113th



Congress was convened. HR 137 and HR 138 would require a database to be created to keep track of people who are prohibited from purchasing a firearm, and HR 141 would address the “gun show loophole” by requiring criminal background checks on all firearms transactions occurring at gun shows. Rep. McCarthy is also co-sponsoring the *High Capacity Ammunition Feeding Device Act* with Representative Diana DeGette (D-CO). This bill would ban the sale or transfer of ammunition magazines holding more than ten rounds.

In addition, the *Undetectable Firearms Act*, which makes it illegal to build guns that cannot be detected by x-ray or metal detectors, expires at the end of 2013. Rep. Steve Israel (D-NY) has called for Congress to examine and renew this regulation. However, even though gun control is a high priority issue for the White House and many in Congress, Senate Majority Leader Harry Reid (D-NV) has said that any move toward gun control legislation should be cautious, and Senate Minority Leader Mitch McConnell (R-KY) has stated that Congress will not have the opportunity to focus on gun issues for several months. There will be a number of hearings after the Vice President releases his recommendations in January.

Electronic Communications Privacy Act: Congress is expected to consider updates to the *Electronic Communications Privacy Act* (ECPA), which has not been updated since 1986. Senate Judiciary Committee Chairman Leahy’s attempt to attach an amendment updating ECPA to the *Video Privacy Protection Act* (VPPA) failed in December. Senator Leahy’s amendment would have clarified that reforming ECPA does not impact federal criminal or national security laws such as the *Wiretap Act* or the *Foreign Intelligence Surveillance Act* (FISA). In addition, the amendment would make several changes to notice provisions in ECPA to address the interests of law enforcement and protect the integrity of ongoing investigations. These changes include extending the time period during which the government must notify an individual that the government has obtained the individual’s electronic communications, and also requiring that third-party service providers inform the government of their intention to notify a customer of the fact that the provider has disclosed the individual’s electronic communications information to the government. The amendment also included the use of civil discovery subpoenas to obtain routing and non-content information about a customer from a third-party provider. We expect Senator Leahy to continue working toward updating ECPA in this session, either through a stand-alone bill or by attaching an amendment to another privacy related bill. In addition, Senator Ron Wyden (D-OR) has also emphasized the need to reform ECPA and will likely work on his own proposal.

Last year, Representatives Jerry Nadler (D-NY) and John Conyers (D-MI) introduced legislation that would amend ECPA to require the government to obtain a probable cause search warrant any time it compels the contents of wire or electronic communications. The bill would also provide a uniform standard and set notice rules when the government accesses the contents of communications, amend the law to provide the same statutory suppression remedies for electronic communications as are currently provided for wire and oral communication surveillance, and add new reporting requirements to ensure that Congress has sufficient information for effective oversight and possible future reforms. This bill is expected to be reintroduced in the 113th Congress.



Committees of Jurisdiction

Senate Judiciary Committee: Chairman Patrick Leahy (D-VT) and Ranking Member Chuck Grassley (R-IA)

House Judiciary Committee: Chairman Bob Goodlatte (R-VA) and Ranking Member John Conyers (D-MI)



PENSION REFORM AND RETIREMENT

As evidenced by the fiscal cliff compromise, the American Taxpayer Relief Act of 2012 (H.R. 8), retirement accounts and pensions are an area ripe for reforms in order to reduce outlays and exemptions in a world of tightening budgets. As part of H.R. 8, Congress extended tax-free distributions from individual retirement plan for charitable purposes and provisions related to roll over into Roth plans. The compromise bill extends for two years the provision that permits tax-free distributions to charity from an Individual Retirement Arrangement (IRA) held by someone age 70½ or older of up to \$100,000 per taxpayer, per taxable year. Additionally, the deal allows participants in 401(k)-style retirement plans to roll over assets into Roth individual retirement accounts, allowing them to make after-tax contributions to the plan and all the principal and earnings are tax-free when distributed. Currently, plans may allow participants to convert their pre-tax accounts to Roth accounts, but only with respect to money they have a right to take out of the plan.

The fiscal cliff deal foreshadows that the tax advantage status of qualified retirement plans could play a large role in the search for new revenue sources as part of deficit reduction and comprehensive tax reform. For example, the Simpson-Bowles plan, from which Congress could potentially draw from, advises lawmakers to reduce the limits on contributions to employer-sponsored qualified retirement plans and individual retirement accounts to 43 percent of their current level and to cap the amount of tax-free accruals within defined benefit and defined contribution retirement accounts.

Issues

Pension Protection Act: Pension reform in the 113th Congress will also likely be driven by looming expiration of the *Pension Protection Act* (PPA), which is set to expire at the end of 2014. Many elements of the private retirement system, such as 401(k)s receive preferential tax treatment and are often seen as targets for “revenue raisers.”

The expiration of the PPA will likely bring on a debate over funding rules for single and multiemployer plans so as to preserve funding levels in the face of an aging workforce and avoid the need for a congressional bailout. At a December hearing of the House Education and Workforce Subcommittee on Health, Education, Labor and Pension, Pension Benefit Guaranty (PBGC) Director Joshua Gotbaum testified that legislative changes to the PBGC multiemployer program would be necessary to increase premiums. The President has previously proposed adjustments to the premiums collected by the PBGC that would allow the board to adjust premiums over time.

Options for Reform: In July of last year, Chairman of the Senate Health, Education, Labor and Pensions Committee Tom Harkin (D-IA), announced a new plan aimed at examining the retirement crisis and rebuilding the private pension system. Harkin’s plan would create a new type of privately-run retirement plan, the “Universal, Secure and Adaptable (USA) Retirement Funds.” Chairman Harkin will continue to focus his efforts on this proposal in the 113th Congress.



Another option for pension and retirement reform would be legislation to promote the Automatic Individual Retirement Account (IRA). It is generally agreed that a preference for Auto IRAs would increase retirement security and savings levels by automatically enrolling employees into an IRA and directly depositing a set percent of wages into the account. The President's Budget has included Auto IRA proposals for a number of years. In the House, Representative Richard Neal (D-MA) has introduced the *Automatic IRA Act* for several years in a row while Senators John Kerry (D-MA) and Jeff Bingaman (D-NM) introduced the *Automatic IRA Act* in both 2010 and 2011. Senator Kerry will likely be leaving the Senate to become Secretary of State, and Senator Bingaman has retired.

Definition of Fiduciary: The Department of Labor (DOL) first proposed a revised definition of fiduciary on October 21, 2010. The proposed fiduciary rule redefines when a person providing investment advice becomes a fiduciary under the *Employee Retirement Income Security Act* (ERISA). In response to an outpouring of negative comments regarding the updated definition of the fiduciary rule, on September 19, 2011, the DOL issued a press release stating that it is going to re-propose the regulation on the definition of a fiduciary. DOL announced they would re-propose the definition. Specifically, many broker-dealers expressed fears that stricter standards under the rule would hinder them from advising customers on retirement accounts.

While many expect that the re-proposed fiduciary rule will be released in 2013, Assistant Labor Secretary for the Employee Benefits Security Administration Phyllis C. Borzi said DOL still has “a lot more work to do” and the re-proposal is still “months and months away.” In addition to addressing concerns around the strict treatment of broker-dealers, Borzi has said the revision of the rule will include a “robust” economic analysis and amendments to prohibited transaction exemptions, among other things.

Committees of Jurisdiction

Senate Health, Education, Labor and Pensions Committee: Chairman Tom Harkin (D-IA) and Ranking Member Lamar Alexander (R-TN)

House Education and Workforce Committee: Chairman John Kline (R-MN) and Ranking Member George Miller (D-CA)



POSTAL REFORM

As the U.S. Postal Service (USPS) continues to battle a multibillion dollar deficit, this year will be a critical time to work to reform an antiquated business model. Reforming the US Postal Service remains a priority for lawmakers after efforts to deliver a postal reform bill failed in the last session. The USPS experienced a \$15.9 billion loss in 2012, most of which was due to the requirement to pre-fund its future retiree health benefits. Another factor in the loss is declining first-class mail volume as well as a drop in all types of mail pieces.

Last year, the Senate passed the *21st Century Postal Service Act* and the House Oversight and Government Reform Committee approved the *Postal Reform Act*, but these measures were viewed as “band-aids” and an overall solution was not reached. Both the House and Senate bills would have raised rates on postal service products that are unprofitable, and the House bill included called for an immediate reduction from six day to five day delivery. Looking ahead to this year, because of an overall growth in online shopping and peer-to-peer sales, the USPS expects package and parcel delivery to continue to increase in 2013.

On January 3, Rep. Darrell Issa (R-CA) and Sen. Tom Carper (D-DE) released the following joint statement on the progress of postal reform legislation in the House Oversight and Government Reform Committee and the Senate Homeland Security and Government Affairs Committee as the 113th Congress begins: “Although the 112th Congress did not come to a consensus around a package of reforms that can update the Postal Service’s network and business model to reflect the reality that it faces today, we remain committed to working with our colleagues in both the House and Senate to reform the Postal Service so it can survive and thrive in the 21st Century.”

In addition to the change in delivery days noted above, one possible solution that has been discussed for postal reform is to create a hybrid public-private business model for the USPS. Under this business model, the USPS would only be responsible for the last mile of delivery and pickup, while the private sector fulfills the long-distance logistics and manages processing centers and post offices. According to the National Academy of Public Administration, this model would reduce the USPS budget by half. However, it is unlikely that lawmakers will seriously look into privatizing the agency.

Committees of Jurisdiction

House Oversight and Government Reform Committee: Chairman Darrell Issa (R-CA) and Ranking Member Elijah Cummings (D-MD)

House Federal Workforce, U.S. Postal Service, and the Census Subcommittee: Chairman Blake Farenthold (R-TX) and Ranking Member to be named later this month.

Senate Homeland Security and Government Affairs Committee: Chairman Tom Carper (D-DE) and Ranking member Tom Coburn (R-OK)



TAX & ENTITLEMENT REFORM, BUDGET, AND APPROPRIATIONS

Following months of contentious debate, in the waning days of the 112th Congress, a bipartisan agreement was reached between Capitol Hill and the Obama Administration on a deal to avoid the so-called fiscal cliff. While H.R. 8 – the *American Taxpayer Relief Act* – prevented the U.S. from going over the cliff of mandatory across-the-board spending cuts and the sunset of the so-called Bush tax cuts, it was disappointing to many on the right and on the left, and failed to avoid another cascading series of events in the first quarter of 2013: the federal debt limit, sequestration, and the final six months of Fiscal Year 2013 spending.

H.R. 8 delayed sequestration, the mandatory spending cuts required by the *Budget Control Act of 2011*, for two months, and allowed income tax rates to increase for individuals earning more than \$400,000 per year and couples earning more than \$450,000 per year. The agreement also limited the impact of the Alternative Minimum Tax (AMT) on 4 million taxpayers, extended federal unemployment benefits for one year, extended for one year the “doc fix” which governs how doctors are reimbursed for care provided to Medicare patients, and extended the *Farm Bill* through the end of Fiscal Year 2013 which ends on September 30, 2013. The agreement did not address the expiration of the two-year old temporary payroll tax cut, meaning that most people will see an increase in their tax burden despite the agreement on federal income tax rates. A report issued by the Congressional Research Service (CRS) on January 9th found that, while H.R. 8 reduced the impact of the fiscal cliff, unless further action is taken to address the nation’s fiscal challenges the nation’s economic output could contract by up to two percent.

While the cliff has been averted for now, the focus of the Obama Administration and the new 113th Congress will be on the debt limit, the remaining six months of FY13 spending, and sequestration, which all converge in the first quarter of the year and potentially set the stage for another fiscal cliff. In addition, the fiscal cliff agreement makes it even more likely that the new congress will be forced to tackle corporate tax reform and entitlement reform.

In the midst of the challenge of addressing those issues, Treasury Secretary Timothy Geithner is leaving his position at the end of January. President Obama has said he will nominate his chief of staff, Jack Lew, who served as Director of the Office of Management and Budget (OMB) under Presidents Clinton and Obama, to fill the post.

Issues

Comprehensive Tax Reform: While the bipartisan agreement to avert the fiscal cliff did tackle certain tax extenders, the larger issue of comprehensive tax and entitlement reform was left for the incoming 113th Congress. In broad terms, the debate over tax reform, both corporate and personal, will be dictated by two competing views – the Democratic view to create new revenue and the Republican goal of keeping tax reform revenue neutral.



Given the complexity of comprehensive tax reform, much of the groundwork was laid in the 112th Congress for a rigorous debate this year and all indications are that both parties in Congress, and the president, are serious about taking it on.

Providing some insight into the issues that could be included in the debate on tax reform, during the previous congress the Senate Finance Committee held hearings on tax reform focusing on the implications for business entities, capital investment and manufacturing, capital gains, education, energy policy, tribes and territories, and state and local tax and fiscal policy. The House Ways and Means Committee, likewise, held hearings to discuss tax reform and the manufacturing sector, retirement accounts, closely-held businesses, financial products, and the interaction of tax and financial accounting on tax reform. Most telling of the seriousness of congressional will to take on tax reform was that the Democratic Chairman of the Senate Finance Committee Max Baucus (D-MT) and the Republican Chairman of the House Ways & Means Committee Dave Camp (R-MI) convened a joint hearing on “Tax Reform and the Tax Treatment of Capital Gains” late last year.

Big ticket items that are likely to be addressed in the debate over tax reform are the corporate tax rate, territorial tax, special deductions (like the mortgage deduction), the R&D tax credit, bonus depreciation, LIFO (last-in, first-out accounting), capital gains, private equity, and municipal bonds.

Currently at 35 percent President Obama has said that he would like to see the corporate tax rate reduced to 25 percent for manufacturers and 28 percent for other firms. This is the rate proposed in the tax reform proposal drafted by House Ways and Means Committee Chairman Camp in the 112th Congress.

Over the next decade there are numerous expiring tax provisions affecting virtually all sectors of the economy, including transportation, education, housing, energy, environment, charitable deductions, pensions, real estate, health insurance, and housing. Among the provisions are the student loan interest deduction, the credit for health insurance costs, the automatic amortization extension and funding rules for multi-employer defined benefit pension plans, and the credit for maintenance of railroad tracks. Also on the table will be discussions about the treatment of tax free municipal bonds, and the treatment of carried interest.

In addition to the debate over extending existing energy-related tax provisions, discussion is expected on new tax incentives for renewable energy and energy efficiency, and will likely see the reintroduction of legislation to expand master limited partnerships (MLPs) to include renewables, as well as legislation to apply real estate investment trusts (REITS) to renewables. While the fiscal cliff agreement extended some energy-related provisions, they were limited in scope and will be subject to review in any comprehensive tax reform effort. [For further details on those energy-related provisions in the fiscal cliff agreement, please refer to the Energy section of this report.](#)

With the fiscal cliff agreement having increased revenues by allowing the Bush tax cuts to expire on some high-income earners, as well as allowing the temporary payroll tax cut to expire, congressional Republicans will resist Democratic efforts to seek additional revenues in the expected debate on tax



reform. However, the president and his Democratic allies on Capitol Hill will argue that the \$600 billion in revenue provided by the fiscal cliff agreement is insufficient and will press for more.

Entitlement Reform: Given that the fiscal cliff agreement increased federal revenues, Republicans will now insist that the new congress address entitlement reform by reducing spending on government programs. However, the White House will argue that they have already made significant spending reductions – first in the agreement to increase the debt ceiling in 2012, and in the six-month spending bill for FY13 which was in line with the spending reductions called for by the *Budget Control Act of 2011*. One proposal, which has been supported by both President Obama and Speaker Boehner, is to implement a chained Consumer Price Index (CPI) to factor cost of living increases into Social Security benefits and the tax code. Chained CPI does have opponents who object to tinkering with the CPI formula. However, such a move would reportedly produce more than \$70 billion in revenue and reduce spending by nearly \$150 billion over the next decade. [For additional insight into entitlement reform, please refer to the Health section of this report.](#)

Sequestration: It is important to remember that the fiscal cliff agreement only delays sequestration for two months. It is possible that we will see the across-the-board spending cuts delayed another seven months until the end of the current fiscal year. However, the fiscal cliff agreement set a new precedent by including offsets for the \$24 billion to pay for the two month delay of sequestration, evenly accounted for dollar to dollar in new revenue and spending cuts, perhaps providing some insight into how this issue will be addressed later this year.

Debt limit: The federal government reached its debt limit on December 31 – simultaneously with last minute maneuvering on the fiscal cliff agreement. The Treasury Department is currently taking “extraordinary measures” to buy some time but that will only last for a couple of months. It is never easy to predict with absolute certainty what Congress will do, but it is difficult to conceive that there is any significant willingness on Capitol Hill to allow the federal government to go into default by not raising the debt limit. Regardless, President Obama has already stated that he will not compromise with congressional Republicans on trading spending cuts for passage of a debt limit increase, as was done for the last increase in the debt limit, and has called for passage of a “clean debt limit bill.” Alternatively, some have called for the president to invoke the 14th amendment to the Constitution and deem the debt limit to be unconstitutional; although, the president has pretty much ruled this out as a feasible option.

FY13 Appropriations: The federal government is currently operating on a Continuing Resolution that funded federal agencies for the first six months of FY13 (October 2012 – March 2013), meaning that the new congress must move a legislative measure before March 31 funding the last six months of the current fiscal year. While appropriators worked diligently up until the end of the 112th Congress to craft spending bills for the remainder of FY13 once the CR expires in March, it is more likely that we will simply see another CR, perhaps with minor additional savings.

Fiscal Year 2014 Appropriations: Many had hoped that congress would return to “regular order” for handling the annual spending bills, but the need to address the debt ceiling, the remaining months of FY13 spending, and sequestration make it likely that the FY14 appropriations process



will, once again, be delayed. As a result of these efforts, the President's budget submission, which is required by law to be made by the first Monday in February (this year, that falls on February 4), is also expected to be late this year, with some expecting it by February 18. We can expect that the appropriations committees will work on their spending bills throughout the year, but will not be able to complete them before the beginning of the new fiscal year on October 1. If that occurs, as expected, we will likely see a Continuing Resolution and, more than likely, an Omnibus appropriations bill, later in the year.

Committees of Jurisdiction

House Budget Committee: Chairman Paul Ryan (R-WI) and Ranking Member Chris Van Hollen (D-MD)

House Ways and Means Committee: Chairman Dave Camp (R-MI) and Ranking Member Sander Levin (D-MI)

House Appropriations Committee: Chairman Hal Rogers (R-KY) and Ranking Member Nita Lowey (D-NY)

Senate Budget Committee: Chairman Patty Murray (D-WA) and Ranking Member Jeff Sessions (R-AL)

Senate Finance Committee: Chairman Max Baucus (D-MT) and Ranking Member Orrin Hatch (R-UT)

Senate Appropriations Committee: Chairman Barbara Mikulski (D-MD) and Ranking Member Richard Shelby (R-AL)



TELECOMMUNICATIONS

The 112th Congress saw a lot of activity focused on new and changing technologies, but few legislative breakthroughs. Early in the year, there was significant activity around intellectual property and online piracy issues, culminating in the controversy surrounding the *Stop Online Piracy Act* (SOPA) and the *Preventing Real Online Threats to Economic Creativity and Theft of Intellectual Property Act* (PROTECT IP or PIPA). A number of cybersecurity proposals passed the House, but the Senate was not able to come to an agreement and cybersecurity remains a top policy priority for both Congress and the White House.

Even though there were few legislative breakthroughs in the last session, the spectrum provisions in the *Middle Class Tax Relief and Job Creation Act* constituted a major policy change. Spectrum will continue to be a key issue moving forward, and oversight of the FCC's incentive auction process is expected to be a priority for Congress in the 113th Congress. In addition, we may see some piecemeal legislation introduced in an attempt to update the *Telecommunications Act of 1996* and the *Cable Act of 1992*. Perhaps the only "must-pass" piece of legislation is the *Satellite Television Extension and Localism Act* (STELA) reauthorization. This law expires in 2014, so reauthorization is a top priority, and may serve as a vehicle for other video related legislation.

Issues

Cybersecurity: Although both the House Homeland Security Committee and Senate Homeland Security and Government Affairs Committee will see new leadership, cybersecurity remains a priority in the 113th Congress. Chairman Mike McCaul (R-TX) and Chairman Tom Carper (D-DE) met in December to establish a working relationship because they agree that it is crucial for both chambers to work together to create a successful cybersecurity solution. In addition to the work of the committees of jurisdiction, President Obama is expected to release an Executive Order focusing on using his authority under existing law to establish a framework for designating "critical infrastructure," including elements of communications and broadband networks, and develop best practices to secure it against cyberattacks. The White House has been reaching out to the private sector in drafting this Executive Order over the last few months, and we expect it to be released sometime early this year, perhaps even before the State of the Union. A draft circulated in late November contained provisions addressing these issues as well as information sharing and privacy and civil liberties protections. One controversial issue is whether the Executive Order will exempt information technology companies from the definition of critical infrastructure.

With respect to cybersecurity policy more generally, most industry players remain opposed to new regulation in this area. A Business Roundtable report released on January 9 argues that the government's proposed cybersecurity solutions are too focused on compliance. The Roundtable report states that legislation to facilitate robust, two-way information sharing with appropriate legal and privacy protections between government and the private sector would be more effective. Even if an Executive Order is issued, there are areas of cybersecurity policy that would need to be addressed with legislation, such as liability protections for companies that share cyber threat information with other companies and the government. According to Chairman Mike Rogers (R-



MI) and Ranking Member Dutch Ruppersberger (D-MD), the House Intelligence Committee will also continue to work on cybersecurity legislation on a bipartisan basis.

Privacy: Online and mobile privacy remain priorities for Congress in the 113th Congress. Senator Al Franken (D-MN) plans to re-introduce the *Location Privacy Protection Act*, which cleared the Senate Judiciary Committee in December. The bill would require mobile app developers to obtain explicit consent from consumers before recording mobile device location information. The Senate Judiciary Committee is also expected to consider updates the *Electronic Communications Privacy Act* (ECPA), which was first enacted in 1986. An attempt to attach an amendment updating ECPA to a bill revising the *Video Privacy Protection Act* (VPPA) failed in December. The VPPA bill passed both chambers without the ECPA amendment, and was signed into law by President Obama on January 10. It permits “video tape service providers” (a term that has been interpreted to include streaming video sites) to get advanced consent from subscribers to share video viewing information on social media sites on an ongoing basis for up to two years.

The FTC amended the *Children’s Online Privacy Protection Act* (COPPA) in December, and the revised rule goes into effect July 1, 2013. The updated rule includes modifications to the definitions of key terms including operator, personal information, and website or online service directed to children. The amended rule also updates the requirements for notice and parental consent, and also adds data retention and deletion provisions. As industry works to understand and implement these updated rules, children’s privacy is expected to remain part of the larger privacy discussion in Congress.

In addition, Commerce Committee Chairman Jay Rockefeller (D-WV) is expected to continue to work for a federal baseline privacy standard rather than voluntary industry standards. Behavioral advertising and Do Not Track remain key issues for industry as well as privacy advocates, and we expect Chairman Rockefeller to re-introduce the *Do Not Track Online Act* in this session. Senator Rockefeller may be especially motivated to pass privacy legislation now that he announced his retirement at the end of this Congress. The House Commerce Committee Republicans most closely identified with privacy issues in the last Congress, Reps. Stearns (FL) and Bono-Mack (CA), both lost their re-election bids, so a new Republican leader on the issue will have to step forward. Rep. Lee Terry (R-NE) will replace Bono-Mack as chair of the Manufacturing and Trade Subcommittee, and it is likely that he will become a leader on privacy issues in this session. Like other issues in the telecommunications space, we are expecting to see a number of hearings and bills on privacy acting on an agreement or comprehensive legislation will be difficult.

Cable Act Rewrite: The *Cable Act* was first passed in 1984 and revised again in 1992 and 1996. Because the television marketplace looks very different from when the *Cable Act* was last considered by Congress, some are pushing for the law to be re-written in the 113th Congress. The Senate Commerce Committee is expected to hold numerous hearings on video issues in the coming months. Interestingly, the Commerce Committee will see the departure of two Senators who were particularly active on these issues – John Kerry (D-MA) and Jim DeMint (R-SC).

Issues surrounding online video distribution create questions that could be resolved through new legislation. New technology that has enable services like Aereo to distribute broadcast programming



online without broadcaster consent has created legal questions regarding the applicability of copyright law. Act. Two federal judges considering the issue have come to different results. The cases are under appeal, and the forthcoming ruling could impact the larger debate over video regulation in the online era. Program blackouts caused by retransmission consent and program carriage negotiations have caused members of Congress to become more interested in revisiting these issues. Many in the video industry are also calling for a revision of compulsory licensing, must-carry rules, and local programming rules. With the 2014 expiration of the *Satellite Television Extension and Localism Act* (STELA), which frees satellite television providers from retransmission consent requirements, many see this legislation as a potential vehicle to offer amendments in whole, or in part, to the *Cable Act*.

Telecom Act Rewrite: The Senate Commerce Committee is expected to begin discussions soon on rewriting the *Communications Act of 1934*, which was last revised by the *Telecommunications Act of 1996*. The telecommunications landscape has changed dramatically since this last revision, so many stakeholders agree that another update is necessary. Among the issues potentially in play are net neutrality and whether IP substitutes for traditional voice service should be subject to legacy common carrier regulations adopted for those traditional services. To that end, FCC Chairman Genachowski has created the Technology Transitions Policy Task Force to examine the issues presented by the move from copper-wire technology to today's broadband network.

It is also possible that codification of FCC authority to impose net neutrality requirements on broadband providers will become part of a telecom act rewrite. Movement on this issue will depend on the outcome of Verizon's challenge to the FCC's current net neutrality rules now pending before the DC Circuit. Senators Ron Wyden (D-OR) and Al Franken (D-MN) are working on legislation that would write net neutrality into the antitrust laws. FCC Commissioner Robert McDowell and Republicans in Congress have urged the FCC to close the docket in which some commenters urged the Commission to regulate broadband under common carrier rules.

Spectrum: Spectrum issues will continue to be an important element of communications policy discussions in 2013. Providers continue to argue that demand for mobile broadband services requires the allocation of additional spectrum – but it is unclear where additional spectrum will come from and how spectrum already identified for reallocation will be divided between licensed and unlicensed use. Congress will continue its ongoing oversight of the incentive auction process as the FCC implements the provisions *Middle Class Tax Relief and Job Creation Act*. Also of interest will be the FCC's determinations on whether to impose new limits on the amount of spectrum any entity can hold – either through hard spectrum “caps” or a softer spectrum “screen” to evaluate particular acquisitions – and whether it will apply those limits to the spectrum auctions that are scheduled to take place later this year.

Broadcasters and other stakeholders will be closely watching the FCC's actions to “repack” the broadcast band and institute incentive auctions to encourage broadcasters to relinquish spectrum so that it can be made available for mobile broadband. Congress and the FCC will also continue to examine the issues surrounding uses of licensed and unlicensed spectrum. Chairman Greg Walden (R-OR) has indicated his desire that reclaimed broadcast spectrum be auctioned for licensed use to



the maximum extent possible, although he and Vice Chair Bob Latta (R-OH) of the Communications and Technology Subcommittee have voiced support for Chairman Genachowski's efforts to examine spectrum in the 5GHz band for unlicensed devices and services. Subcommittee Ranking Member Anna Eshoo (D-CA), along with Rep. Darrell Issa (R-CA) sent a letter to the FCC Commissioners in December urging them to implement the incentive auction and resulting spectrum reorganization in a manner that optimizes the value of both licensed and unlicensed spectrum. According to the letter, one public benefit of use of unlicensed spectrum was the W-Fi Internet access during Hurricane Sandy when many wireless phone networks were overloaded or completely inoperable. House Energy & Commerce Ranking Member Henry Waxman (D-CA) has also referred to unlicensed spectrum as an incredible economic success story and encourages the FCC to create guard bands in the repurposed broadcast television spectrum that can be used for new unlicensed services.

Part of this discussion is efficient use of government spectrum. Last year the President's Council of Advisors on Science and Technology released a report on Realizing the Full Potential of Government-Held Spectrum to Spur Economic Growth (PCAST Report). The PCAST Report outlines a plan for spectrum sharing between the government and private sector and argues that spectrum clearing would take too long and be too costly. However, FCC Commissioner Ajit Pai has advocated for the clearing of federal spectrum in order to let the private sector put it to better use. According to Commissioner Pai, spectrum clearing is better than spectrum sharing because a private company is less likely to take the risks necessary to develop a piece of spectrum if the government can preempt its use of it. FCC Commissioner Jessica Rosenworcel has also advocated for developing incentives to serve as the catalyst for freeing more federal spectrum for commercial use.

Broadband: As access to high-speed broadband Internet continues to become increasingly important for every aspect of American society, Congress will continue to monitor programs that encourage broadband deployment and adoption. These programs include the FCC's Connect America Fund, NTIA's Broadband Technology Opportunities Program, and the RUS Broadband Initiatives Program. Similar to last session, we expect a number of oversight hearings to examine the efficiency and impact of these programs.

In addition, Congress may address bandwidth data caps, which are monthly limits on the amount of data a consumer can use over his or her Internet connection. These caps and usage-based billing have become standard practices for most Internet service providers. These practices have been met with some opposition from consumer groups who claim that the caps discourage the use of the Internet. Senator Ron Wyden is planning to introduce a bill to bring more transparency to wireless data caps. It is unlikely that any bipartisan consensus will emerge on this practice.

Intellectual Property: Online piracy and patent reform remain intellectual property priorities as the 113th Congress begins. A year has passed since the controversy surrounding the *Stop Online Piracy Act* (SOPA), and lawmakers remain aware of the issue but unsure about how to address it. The House Judiciary Committee is expected to focus on technology related intellectual property issues



under the leadership of Chairman Goodlatte (R-VA), former chair of the Intellectual Property Subcommittee and original sponsor of SOPA.

High profile patent disputes such as that between Apple and Samsung may be a catalyst for Congress to address patent reform again this Congress, less than two years after enacting the comprehensive *America Invents Act*. Technology and software industries continue to raise concerns about non-practicing entities – often called “patent trolls” – which are entities that use patents to generate revenue without planning on marketing or manufacturing the patented product or process itself. Representatives Peter DeFazio (D-OR) and Jason Chaffetz (R-UT) are planning on reintroducing the SHIELD Act (*Saving High Tech Innovators from Egregious Legal Disputes*) this year. This legislation would allow a court, upon finding that a party does not have a reasonable likelihood of succeeding in an infringement action, to award the recovery of full litigation costs to the prevailing party.

Other issues include performance royalty fees for songs played on terrestrial broadcast radio and a debate over the appropriate level of royalties to be paid by streaming audio sites like Pandora. As part of the debate over performance royalties, broadcasters have advocated for a requirement to require FM receivers be built into smartphones. The wireless industry has opposed this effort. Sprint’s recent announcement to include an FM app on its smartphones may have largely resolved this dispute.

Online Sales Tax: Big box retailers have been pushing for online sales tax legislation that would force online retailers to collect remote sales taxes. Throughout the debate on this issue a main point of contention has been whether there should be a small business exemption, and if there is such an exemption, who should set it and what should it be? As we move into the 113th Congress, it is unlikely that online sales tax will be addressed in stand-alone legislation. With fiscal issues remaining at the forefront for the next few months, it would seem that proponents of this legislation will attempt to add online sales tax as part of a larger tax reform package.

Committees of Jurisdiction

Senate Commerce Committee: Chairman Jay Rockefeller (D-WV). Senator John Thune (R-SD) is expected to be appointed Ranking Member.

Senate Judiciary Committee: Chairman Patrick Leahy (D-VT) and Ranking member Chuck Grassley (R-IA)

Senate Privacy, Technology, and the Law Subcommittee: Chairman Al Franken (D-MN) and Ranking member Senator Orrin Hatch (R-UT)

Senate Homeland Security and Government Affairs Committee: Chairman Tom Carper (D-DE) and Ranking Member Tom Coburn (R-OK)



Senate Select Committee on Intelligence: Chairwoman Senator Dianne Feinstein (D-CA) and Ranking Member Senator Saxby Chambliss (R-GA)

House Committee on Energy and Commerce: Chairman Fred Upton (R-MI) and Ranking Member Henry Waxman (D-CA)

House Communications and Technology Subcommittee: Chairman Greg Walden (R-OR) and Ranking Member Anna Eshoo (D-CA)

House Judiciary Committee: Chairman Bob Goodlatte (R-VA) and Ranking Member John Conyers

House Homeland Security Committee: Chairman Mike McCaul (R-TX) and Ranking Member Bennie Thompson (D-MS)

House Permanent Select Committee on Intelligence: Chairman Mike Rogers (R-MI) and Ranking Member Dutch Ruppersberger (D-MD)



TRADE

The 112th Congress saw a fairly robust trade agenda with passage of several measures. These included implementation bills for Free Trade Agreements with Colombia, Panama, and South Korea, and a bill authorizing Permanent Normal Trade Relations (PNTR) with the Russian Federation. The Export-Import Bank was reauthorized, as were the Generalized System of Preferences and the Trade Adjustment Assistance program. Congress also approved legislation imposing financial and trade sanctions on Iran related to that country's nuclear program; a bill regarding the imposition of duties on imports from countries providing subsidies that harm U.S. industry; the *Jumpstart Our Business Startups* (JOBS) bill to increase job creation and economic growth; and a bill to strengthen trade and investment ties with Africa and countries of the Dominican Republic-Central America Free Trade Agreement.

Last June, Commerce Secretary John Bryson resigned due to health issues. The post has been held since by Acting Secretary of Commerce Rebecca Blank. It is unclear whether Blank will remain in the post in the president's second term or return to her previous role as Deputy Secretary of Commerce. Should she not be nominated for Secretary or asked to continue on in an Acting Secretary capacity, contenders to replace her include current Export-Import Bank president Fred Hochberg, U.S. Trade Representative Ron Kirk, Xerox CEO Ursula Burns, and Karen Mills, administrator of the Small Business Administration.

Looking ahead to the 113th Congress, the House and Senate Trade Subcommittees are working to develop their agenda, and could hold hearings early in the year. The Obama Administration should release its trade agenda sometime in February or March, and the Department of Commerce will release its National Export Strategy to Congress soon, outlining an agenda for 2013 and beyond.

With that said, we can identify several likely trade issues that could see action over the next two years.

Issues

Trade Promotion Authority: The Obama administration has not officially called for renewal of Trade Promotion Authority (TPA), which would provide the president the authority to negotiate trade agreements to be presented to Congress for an up-or-down vote within 90 days and with no amendments. However, the president is considered to be supportive, and has indicated that renewal of TPA is essential to final negotiation of the Trans-Pacific Partnership (*see below*) which has thus far been negotiated as if TPA were in effect. TPA was first enacted in 1974 and has been available to every president since, but it expired in 2007, and has not been renewed. Many believe that the Obama Administration will call for TPA renewal in the 113th Congress and congressional Republicans, in keeping with their support for free trade, are expected to support it.

Trans-Pacific Partnership: As a part of the "pivot to Asia" begun by the Obama Administration, the Trans-Pacific Partnership (TPP) is a trade agreement between the U.S., Australia, Brunei, Darussalam, Chile, Canada, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. The



TPP builds on the existing Trans-Pacific Strategic Economic Partnership Agreement which includes Brunei, Chile, New Zealand, and Singapore. To date, there have been 15 rounds of negotiations since 2010, with the most recent held in December 2012 in New Zealand. The Obama Administration has said that Trade Promotion Authority is necessary to conclude negotiations on TPP. The TPP is the first international trade agreement negotiated fully by the Obama Administration, with those passed in the 112th Congress having begun during the previous administration of George W. Bush.

U.S.-E.U. Free Trade Agreement: The U.S. and the European Union (E.U.), already each other's biggest trading partners, are likely to launch a free trade agreement (FTA) in 2013. The Obama Administration worked with European leaders in November 2011 to establish a *High-Level Working Group on Jobs and Growth* tasked with identifying policies and measures to increase U.S.-E.U. trade and investments. Based on the group's report, President Obama could call early this year for negotiations to begin. The proposed U.S.-E.U. FTA is strongly supported by the business community on both sides of the Atlantic, as well as by European governments, especially those of Germany and the United Kingdom. Opposition from labor groups in the U.S. could be minimized given comments from the AFL-CIO that social and environmental concerns, normally the chief roadblock for labor in trade negotiations, would not be a problem since European standards for the environment and social welfare exceed those in the U.S.

China Trade Issues: The U.S. and China have increasingly been at odds over trade issues, with the U.S. imposing anti-dumping and countervailing duties on Chinese solar panels in 2012 after a high profile battle that divided the solar industry and caused a significant level of tension between the two countries. The U.S. has launched investigations, continued existing duties, and filed complaints at the World Trade Organization, on a number of other Chinese products as well over the past year. In response, China has taken similar actions on American products, most notably certain automobiles imported from the U.S. The coming year will likely see a continuation of trade tensions between the U.S. and China, focusing on: tariffs; services barriers; government procurement (China has yet to join the WTO's Government Procurement Agreement as agreed upon its accession to the WTO in 2002); intellectual property protection; foreign investment restrictions; issues related to China's state-owned enterprises (SOEs); export restrictions on raw materials; and currency manipulation and undervaluation.

Miscellaneous Tariff Bill: Providing duty relief for certain imported products, a Miscellaneous Tariff Bill (MTB) was worked on throughout the last Congress by the House Ways & Means Committee and the Senate Finance Committee, with more than 2,100 duty suspension bills introduced in the House and Senate for inclusion in the larger MTB. Those bills underwent a stringent review process at the committees, as well as in an interagency review process involving the U.S. International Trade Commission, the office of the U.S. Trade Representative, and U.S. Customs and Border Protection, an agency of the Department of Homeland Security. For inclusion in the final MTB, the duty suspension bills had to be deemed "noncontroversial"; could not compete with domestic producers; and could not exceed annual lost revenue of \$500,000 per product based on the estimated volume of imports. While the MTB was a priority for House Ways & Means Committee Chairman Camp and Senate Finance Committee Chairman Baucus, it did not



cross the finish line at the end of the 112th Congress. Chairman Camp, joined by Ranking Member Sandy Levin (D-MI), and Trade Subcommittee Chairman Kevin Brady (R-TX) and Ranking Member Jim McDermott (D-WA), introduced the MTB as H.R. 6727, *the U.S. Job Creation and Manufacturing Competitiveness Act of 2012* on January 1, 2013, just two days before the end of the 112th Congress, indicating that the bill will be a high priority for the new 113th Congress. Every indication is that H.R. 6727 will serve as the starting point for a MTB in the 113th Congress.

International Services Agreement: The proposed International Services Agreement (ISA) involves 20 World Trade Organization (WTO) members including Australia, Canada, Chile, Colombia, Costa Rica, the European Union, Hong Kong, Israel, Japan, Mexico, New Zealand, Norway, Pakistan, Panama, Peru, South Korea, Switzerland, Taiwan, Turkey, and the United States. These nations, dubbing themselves the “Really Good Friends of Services,” represent a broad range of economic development and diversity, and 70% of global output. In order to achieve increased competition in global trade and investment in services, the ISA would, among other things, eliminate foreign equity caps, restrictions on licenses, and requirements for joint ventures or local partners. Participating countries held talks in Geneva in October 2012 on the parameters and structure for formal negotiation of the ISA, which could begin as early as February 2013. The Obama Administration is supportive of the ISA, and the House Ways & Means Committee held a hearing on the proposed ISA in September 2012, with testimony from Ambassador Michael Punke, Deputy U.S. Trade Representative and U.S. ambassador to the WTO.

Generalized System of Preferences: The U.S. Generalized System of Preferences (GSP) provides non-reciprocal, duty-free tariff treatment to certain products from designated developing and least-developed beneficiary countries. There are 128 designated beneficiary countries and territories, 43 of which are considered to be least developed countries. In 2011, the top ten beneficiary countries were, in order of benefit: India, Thailand, Brazil, Indonesia, South Africa, Philippines, Turkey, Russia, Argentina, and Colombia. In 2012, President Obama suspended GSP benefits for Argentina, saying that “it has not acted in good faith in enforcing arbitral awards” in favor of the U.S. GSP was first authorized in the *Trade Act of 1974* and last renewed in October 2011. The current extension is set to expire in July 2013. According to the Office of the U.S. Trade Representative, the United States imported \$18.5 billion worth of products under the GSP program in 2011. Eligible products under the GSP program include: most manufactured items; many types of chemicals, minerals, and building stone; jewelry; many types of carpets; and certain agricultural and fishery products. Products not eligible for duty-free treatment under the GSP program include: most textiles and apparel; watches; and most footwear, handbags, and luggage products. While extension of the GSP program was for many years non-controversial, in more recent years there has been concern by some that more advanced countries – such as Brazil and India – receive GSP benefits to the exclusion of countries that are lesser-developed. Those concerns have led to the call in some quarters for the GSP program to be modified so that benefits are only available to least developed beneficiary nations.

Bilateral Investment Treaties: The U.S. is expected to expand its Bilateral Investment Treaties (BITs) agenda in the coming year, with a number of new negotiations to launch, and perhaps a couple of BITs seeing completion. The U.S. currently is party to nearly 40 BITs, with the most



recent being the BIT with Rwanda, negotiated in 2012. BITs are designed to: protect U.S. investment abroad in countries where investors' rights are not already protected through existing agreements; encourage the adoption of market-oriented domestic policies that treat private investment in an open, transparent, and non-discriminatory way; and support the development of international law standards. American investors are protected against performance requirements, restrictions on transfers and arbitrary expropriations. BIT negotiations are jointly led by the Department of State and the Office of the U.S. Trade Representative, with assistance from the Departments of Commerce and Treasury. To go into effect, the BIT must be ratified by the Senate. Late last year, Ambassador Ron Kirk, head of the USTR, said that the U.S. is working on BITs with China, India, and Mauritius.

Committees of Jurisdiction

House Ways and Means Committee: Chairman Dave Camp (R-MI) and Ranking Member Sander Levin (D-MI)

House Trade Subcommittee: Chairman Kevin Brady (R-TX). Ranking Member Jim McDermott (D-WA) could move to another assignment, but that is unclear at this point.

Senate Finance Committee: Chairman Max Baucus (D-MT) and Ranking Member Orrin Hatch (R-UT)

Senate International Trade Subcommittee: Chairman Ron Wyden (D-WA) and Ranking Member John Thune (R-SD)



TRANSPORTATION AND INFRASTRUCTURE

Due to the approaching expirations of a number of transportation related bills, as well as the short term (two-years) of the most recent surface transportation reauthorization (the *Moving Ahead for Progress in the 21st Century Act*, or MAP-21), there will be steady activity on transportation and infrastructure issues in the new Congress and the second term of the Obama Administration.

Just before the 112th Congress adjourned, the Senate confirmed Michael Huerta to serve as Administrator of the Federal Aviation Administration (FAA) and Polly Trottenberg to serve as Under Secretary of Transportation for Policy. It remains unclear how much longer Secretary of Transportation Ray LaHood will hold his current position. Despite indicating publicly in December that he may stay on at the start of the second Obama term, if not longer, Secretary LaHood, the sole Republican in the first term Obama Cabinet, has become even less forthcoming on his future plans. Most recently, reports indicate that LaHood has privately alluded to plans to leave the Administration at the end of Obama's first term. However, with the inauguration just days away, LaHood's resignation in the immediate future appears increasingly unlikely. In addition, it has been reported that the White House could announce a successor to LaHood come spring, and that the nominee could be a woman.

While there is a long list of potential replacements for Secretary LaHood, currently the front-runner appears to be Los Angeles Mayor Antonio Villaraigosa. Other possibilities near the top of the list include former Pennsylvania Governor Ed Rendell (although he has indicated that he plans to remain with Building America's Future), Representative Earl Blumenauer (D-OR), and former Representatives Steve LaTourette (R-OH) and Jim Oberstar (D-MN). If the next Secretary of Transportation is to be a woman, possible candidates include New York City Transportation Commission Janette Sadik-Khan, newly confirmed Under Secretary of Transportation for Policy Polly Trottenberg, and former Governor Christine Gregoire (D-WA), who is also rumored to be under consideration for a nomination to serve as Secretary of the Interior or EPA Administrator.

Issues

Water Resources Development Act (WRDA): WRDA authorizes the projects and programs of the U.S. Army Corps of Engineers (USACE) and allows Congress to set priorities for these project areas, which include maintenance of navigational routes and flood risk mitigation. Because the WRDA bill has previously been a prime target for earmarks, the legislation has become even more controversial and it is uncertain how a reauthorization may fare under the earmark ban that is anticipated to continue into the 113th Congress. The most recent WRDA reauthorization was enacted in 2007, but only after Congress acted to override a veto by President George W. Bush, who was concerned about the proposed funding levels. The congressional override was made possible by earmarked project authorizations. Draft WRDA reauthorization legislation was considered by the Senate Environment and Public Works Committee at the end of the 112th Congress and received heightened visibility due to the impacts of Hurricane Sandy. As a result of damage from the storm, the draft bill includes a new title, championed by Chairman Boxer, to direct the USACE to work with the National Academy of Sciences to evaluate options to reduce risks associated with future



disasters, identify infrastructure investments needed, and explore potential funding sources for these investments. In addition, the draft language creates new authority for the USACE to conduct post-disaster watershed assessments and to implement critical flood control and ecosystem restoration projects. The new title also establishes an innovative financing mechanism, known as the *Water Infrastructure Finance and Innovation Act* (WIFIA) (based on the popular TIFIA program), to allow the USACE and the Environmental Protection Agency (EPA) to provide loans and loan guarantees for flood control, water supply, and wastewater infrastructure projects. While the House has yet to address the expiring WRDA authorization, incoming Chairman Shuster has acknowledged it will be a priority for the Transportation and Infrastructure Committee at the start of the new Congress.

Railroad Reauthorization and Federal Railroad Administration (FRA) Rulemakings: The *Passenger Rail Investment and Improvement Act* (PRIIA), the current railroad authorization, will expire at the end of FY13 on September 30th. Railroad reauthorization legislation will be especially important this year, given that the rail title typically included in surface transportation authorization bills was dropped from MAP-21 because Senate and House conferees on the highway bill were too far apart on a number of rail policies. A key issue to watch in the reauthorization talks will be Amtrak reauthorization. Amtrak was last reauthorized in 2008. In the 112th Congress, House Republicans advocated for privatization of Amtrak, an issue that was raised in two rail-related hearings in the House Transportation and Infrastructure Committee in December 2012. While incoming Chairman Shuster supported failed GOP efforts to private Amtrak in 2011, he recently indicated that he is not interested in refighting that battle and has advocated for pursuit of reforms that represent the middle ground. High-speed rail, the topic of the last full Transportation and Infrastructure Committee hearing in the 112th Congress, is also likely to receive attention during consideration of the railroad reauthorization. While Senate Democrats have consistently advocated for federal funding for high-speed rail, House Republicans' privatization plans have not been well received. Chairman Shuster will bring some interesting perspectives to the high-speed rail debate including his belief that high-speed rail is a workable solution only for the Northeast Corridor. The incoming Chairman has also previously called for public-private partnerships to increase opportunities for high-speed rail, where feasible. Another sticking point in MAP-21 negotiations that will likely be addressed in the railroad reauthorization is finalizing the deadline for requiring installation of positive train control (PTC) technology on passenger trains. The Federal Railroad Administration also issued a notice of proposed rulemaking on PTC on December 11th and will collect comments through February 11th. In the coming months, the FRA will also act on rulemakings related to training standards for railroad employees and post-accident drug testing.

Surface Transportation Reauthorization: Although it feels like Congress just completed work on MAP-21, and while DOT is still allocating MAP-21 resources and planning for implementation, congressional staff for the committees of jurisdiction has already indicated that preparations are underway to begin work on the next surface transportation bill. This is due to the fact that the time frame for the most recent authorization bill is relatively short (just two years), with the current law set to expire on September 30, 2014. Due in part to the earmark ban and in part to the limited amount of report language to accompany the latest surface transportation bill, the 112th Congress has allowed DOT great flexibility and discretion in implementing the law, and the research title in particular. At the end of the 112th Congress, staff for the authorizing committees noted that only



some congressional outreach had been made to DOT regarding implementation. Staff indicated that if DOT fails to meet congressional intent in its implementation of MAP-21 that it may be possible for Congress to more directly allocate resources to categories of activities in the next bill. While this may potentially be a point of partisan contention in drafting the bill, the level of controversy is likely to dull in comparison to the heated debate regarding financing, which falls under the jurisdiction of the House Ways and Means and Senate Finance Committees. At the end of the 112th Congress, Representative Blumenauer introduced legislation authorizing the Treasury Department to conduct a \$154 million study of financing alternatives to an increase in the gas tax, most likely in preparation for this battle during consideration of the next surface transportation reauthorization. Similar to past debates, we can expect to see consideration of several proposals, likely to continue to include an increase in the gas tax, implementation of a vehicle-miles-traveled (VMT) tax, and more tolling.

National Infrastructure Bank: Despite receiving public support from both U.S. Chamber of Commerce President and CEO Tom Donohue and AFL-CIO President Richard Trumka, the basic concept of a national infrastructure bank did not move through the 112th Congress, although a number of bills to establish the bank were introduced. Senator Jay Rockefeller (D-WV), Chairman of the Committee on Commerce, Science, and Transportation plans to re-introduce legislation that would create a national infrastructure bank early in the new Congress. It is anticipated that this bill will look similar to the bill Senator Rockefeller introduced with Senator Frank Lautenberg (D-NJ) in March 2011. This legislation envisioned the bank as a \$5 billion fund housed within DOT that would provide loans, loan guarantees, and grants for infrastructure projects only.

Transportation Stimulus Spending: Beyond the supplemental appropriations considered during the lame duck session of the 112th Congress and in the first days of the 113th Congress for infrastructure repairs in the region devastated by Hurricane Sandy, additional stimulus spending on infrastructure has been a repetitive theme in Democratic proposals to address the fiscal cliff and a slow-moving economy. At the onset of lame duck fiscal cliff negotiations, Treasury Secretary Geithner presented congressional leaders with a White House proposal that included \$50 billion in infrastructure spending – a provision recycled from the September 2011 American Jobs Act and a September 2010 White House infrastructure proposal. While details on the vision for the most recent proposal are scarce, they likely include targeted investments in highways, transit, rail, and aviation, increased resources for the *Transportation Infrastructure Finance and Innovation Act* (TIFIA) and Transportation Investment Generating Economic Recovery (TIGER) programs, and investments in job-training programs in the construction sector to help modernize infrastructure and to create jobs. While it is unlikely that such a proposal could gain traction in Congress independently, it will certainly serve as a marker in ongoing conversations related to job creation and economic policy.

FAA Rulemakings: Under the leadership of newly confirmed FAA Administrator Michael Huerta, FAA is anticipated to undertake a number of rulemakings in 2013. For example, the FAA is anticipated to propose rules that would allow limited commercial use of unmanned aircraft in U.S. airspace. FAA is also expected to name six test sites for drones and to issue proposed rules allowing operation of drones of 55 pounds or less. In response to the fatal February 2009 Pinnacle Airlines plane crash that resulted from pilot errors, FAA will also issue stricter rules related to airline pilot qualifications. The new rules, which are likely to be unveiled in May 2013, are anticipated to require



that co-pilot training and qualifications mirror those of captains, increasing the minimum number of flight experience hours from 250 to 1,500, with lower military requirements for pilots with military experience or degrees from aviation colleges. Also related to pilot training and safety, FAA may pursue a proposal to increase simulator training on recovery from unusual flight situations, perhaps in October 2013. In addition, FAA will continue to focus on its NextGen air-traffic upgrade and may achieve a nationwide network of ground stations that can track aircraft without radar this year.

Pipelines and Hazardous Materials Safety Rulemakings: In 2013, DOT's Pipeline and Hazardous Materials Safety Administration (PHMSA) is also expected to issue several rulemakings. Notable rulemakings will include rules related to the safety of on-shore liquid hazardous pipelines, revisions to the requirements for the transportation of lithium batteries, and a general updating of the Hazardous Materials Regulations (HMR).

Committees of Jurisdiction

House Transportation and Infrastructure Committee: Chairman Bill Shuster (R-PA) and Ranking Member Nick Rahall (D-WV)

House Ways and Means Committee: Chairman Dave Camp (R-MI) and Ranking Member Sander Levin (D-MI)

House Appropriations Committee: Chairman Harold Rogers (R-KY) and Ranking Member Nita Lowey (D-NY)

House Transportation, Housing, and Urban Development Appropriations Subcommittee: Chairman Tom Latham (R-IA) and Ranking Ed Pastor (D-AZ)

Senate Environment and Public Works Committee: Chairman Barbara Boxer (D-CA) and Ranking Member David Vitter (R-LA)

Senate Commerce, Science and Transportation Committee: Chairman Jay Rockefeller (D-WV) and Ranking Member John Thune (R-SD)

Senate Banking, Housing, and Urban Affairs Committee: Chairman Tim Johnson (D-ND) and Ranking Member Mike Crapo (R-ID)

Senate Finance Committee: Chairman Max Baucus (D-MT) and Ranking Member Orrin Hatch (R-UT)

Senate Appropriations Committee: Chairwoman Barbara Mikulski (D-MD) and Ranking Member Richard Shelby (R-AL)

Senate Transportation, Housing, and Urban Development Appropriations Subcommittee: Chairman Patty Murray (D-WA) and Ranking Member Susan Collins (R-ME)



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113th CONGRESS COMMITTEE MEMBERSHIP

Senate

The 2012 election led to a Democratic gain of two seats in the Senate for the 113th Congress. The final break down is 53 Democratic Senators, 45 Republican Senators, and 2 Independent Senators who caucus with the Democrats.

6 Democrat, 4 Republican, and 1 Independent Senators retired: Senators Akaka (D-HI), Bingaman (D-NM), Conrad (D-ND), Kohl (D-WI), Kyl (R-AZ), Hutchison (R-TX), Lieberman (I-CT), Ben Nelson (D-NE), Snowe (R-ME), and Webb (D-VA). Senator DeMint (R-SC) retired after the election, and Senator Scott was appointed by Governor Haley as his replacement. Senator Inouye (D-HI), who served as President Pro Tempore, passed away in December. Governor Abercrombie appointed Senator Schatz to replace the late Senator. Governor Patrick has yet to appoint someone to fill the seat left open by Senator Kerry's (D-MA) expected confirmation lead the State Department. In addition, incumbent Senators Scott Brown (R-MA) and Lugar (R-IN) lost their reelections.

Fourteen new faces joined the Senate at the beginning of 2013: Senators Tammy Baldwin (D-WI), Ted Cruz (R-TX), Joe Donnelly (D-IN), Deb Fischer (R-NE), Jeff Flake (R-AZ), Martin Heinrich (D-NM), Heidi Heitkamp (D-ND), Mazie Hirono (D-HI), Tim Kaine (D-VA), Angus King (I-ME), Chris Murphy (D-CT), Brian Schatz (D-HI), Tim Scott (R-SC), and Elizabeth Warren (D-MA). Senator King announced in November he would caucus with the Democrats.

The 113th Congress is in the process of organizing its committee structure. Below is a list of all major full committees and their known membership. However, several committees have yet to release finalized committee lists; some subcommittees have still not been finalized. The Senate Republicans will confirm appointments later this week. Highlighted names indicate expected appointments and anticipated changes in staff. During the 112th Congress, Senate Democrats already had a one to two seat margin over Republicans. With a gain of two seats, this margin has become two seats across the board in the 113th Congress.

The nomination of Senator Kerry and the passing of Senator Inouye have resulted in some shake-up in the chairmanship positions of several major committees. Senator Menendez will move up to chair the Foreign Relations Committee, taking the place of Senator Kerry. Before his death, Senator Inouye chaired the Appropriations Committee; Senator Mikulski took his spot as Chairman for the 113th Congress.

On the Republican side, rules regarding term limits—Senators can serve no more than six years as Chairman and six years as Ranking Member of a committee—resulted in shakeups in the leadership of several committees. The election caused further shakeups in the ranking member positions of many committees. The Appropriations, Armed Services, Banking, Commerce, Environment and Public Works, Foreign Relations, HELP, Homeland Security and Governmental Affairs, Small



Business, Veterans' Affairs, and Aging Committees all saw new Ranking Members at the start of the 113th Congress.

Committee leadership changes have led to changes in committee staff. On each list are the names of the majority and minority party staff directors. Some staff changes have yet to be announced; in these instances, the 112th Congress staff director is listed for a committee and is highlighted in yellow.

Senate Agriculture, Nutrition, and Forestry Committee	
Majority	Minority
<i>Debbie Stabenow (MI), Chairman</i>	<i>Thad Cochran (MS), Ranking Member</i>
Patrick Leahy (VT)	Pat Roberts (KS)
Tom Harkin (IA)	Mitch McConnell (KY)
Max Baucus (MT)	Saxby Chambliss (GA)
Sherrod Brown (OH)	Mike Johanns (NE)
Bob Casey (PA)	John Boozman (AR)
Amy Klobuchar (MN)	Chuck Grassley (IA)
Michael Bennet (CO)	John Thune (SD)
Kirsten Gillibrand (NY)	John Hoeven (ND)
Joe Donnelly (IN)	
Heidi Heitkamp (ND)	
<i>Staff Director: Chris Adamo</i>	<i>Staff Director: Mike Seyfert</i>

Senate Appropriations Committee	
Majority	Minority
<i>Barbara Mikulski (MD), Chairman</i>	<i>Richard Shelby (AL), Ranking Member</i>
Patrick Leahy (VT)	Thad Cochran (MS)
Tom Harkin (IA)	Mitch McConnell (KY)
Patty Murray (WA)	Lamar Alexander (TN)
Dianne Feinstein (CA)	Susan Collins (ME)
Dick Durbin (IL)	Lisa Murkowski (AK)
Tim Johnson (SD)	Lindsey Graham (SC)
Mary Landrieu (LA)	Mark Kirk (IL)
Jack Reed (RI)	Dan Coats (IN)
Frank Lautenberg (NJ)	Roy Blunt (MO)
Mark Pryor (AR)	Jerry Moran (KS)
Jon Tester (MT)	John Hoeven (ND)
Tom Udall (NM)	Ron Johnson (WI)
Jeanne Shaheen (NH)	
Jeff Merkley (OR)	
Mark Begich (AK)	
<i>Staff Director: Charlie Houy</i>	<i>Staff Director: Bruce Evans</i>



Senate Armed Services Committee	
Majority	Minority
<i>Carl Levin (MI), Chairman</i>	<i>Jim Inhofe (OK), Ranking Member</i>
Jack Reed (RI)	John McCain (AZ)
Bill Nelson (FL)	Jeff Sessions (AL)
Claire McCaskill (MO)	Saxby Chambliss (GA)
Mark Udall (CO)	Roger Wicker (MS)
Kay Hagan (NC)	Rob Portman (OH)
Jeanne Shaheen (NH)	Kelly Ayotte (NH)
Kirsten Gillibrand (NY)	Susan Collins (ME)
Richard Blumenthal (CT)	Lindsey Graham (SC)
Joe Donnelly (IN)	John Cornyn (TX)
Mazie Hirono (HI)	David Vitter (LA)
Tim Kaine (VA)	
Angus King (ME)	
<i>Staff Director: Peter Levine</i>	<i>Staff Director: John Bonsell</i>

Senate Banking, Housing, and Urban Affairs Committee	
Majority	Minority
<i>Tim Johnson (SD), Chairman</i>	<i>Mike Crapo (ID), Ranking Member</i>
Jack Reed (RI)	Richard Shelby (AL)
Chuck Schumer (NY)	Bob Corker (TN)
Bob Menendez (NJ)	David Vitter (LA)
Sherrod Brown (OH)	Mike Johanns (NE)
John Tester (MT)	Pat Toomey (PA)
Mark Warner (VA)	Mark Kirk (IL)
Jeff Merkley (OR)	Jerry Moran (KS)
Kay Hagan (NC)	Tom Coburn (OK)
Joe Manchin (WV)	Dean Heller (NV)
Elizabeth Warren (MA)	
Heidi Heitkamp (ND)	
<i>Staff Director: Charles Yi</i>	<i>Staff Director: Bill Dubnke</i>

Senate Budget Committee	
Majority	Minority
<i>Patty Murray (WA), Chairman</i>	<i>Jeff Sessions (AL), Ranking Member</i>
Ron Wyden (OR)	Chuck Grassley (IA)
Bill Nelson (FL)	Mike Enzi (WY)
Debbie Stabenow (MI)	Mike Crapo (ID)
Bernie Sanders (VT)	John Cornyn (TX)
Sheldon Whitehouse (RI)	Lindsey Graham (SC)
Mark Warner (VA)	John Thune (SD)



Senate Budget Committee	
Majority	Minority
Jeff Merkley (OR)	Rob Portman (OH)
Chris Coons (DE)	Pat Toomey (PA)
Tammy Baldwin (WI)	Ron Johnson (WI)
Tim Kaine (VA)	Kelly Ayotte (NH)
Angus King (ME)	
<i>Staff Director: Evan Schatz</i>	<i>Staff Director: Marcus Peacock</i>

Senate Commerce, Science, and Transportation Committee	
Majority	Minority
<i>Jay Rockefeller (WV), Chairman</i>	<i>John Thune (SD), Ranking Member</i>
John Kerry (MA)	Roger Wicker (MS)
Barbara Boxer (CA)	Roy Blunt (MO)
Bill Nelson (FL)	Marco Rubio (FL)
Maria Cantwell (WA)	Kelly Ayotte (NH)
Frank Lautenberg (NJ)	Dean Heller (NV)
Mark Pryor (AR)	Dan Coats (IN)
Claire McCaskill (MO)	Ron Johnson (WI)
Amy Klobuchar (MN)	Ted Cruz (TX)
Mark Warner (VA)	Deb Fisher (NE)
Mark Begich (AK)	Tim Scott (SC)
Richard Blumenthal (CT)	
Brian Schatz (HI)	
<i>Staff Director: Ellen Doneski</i>	<i>Staff Director: Dave Schwietert</i>

Senate Energy and Natural Resources Committee	
Majority	Minority
<i>Ron Wyden (OR)</i>	<i>Lisa Murkowski (AK), Ranking Member</i>
Tim Johnson (SD)	John Barrasso (WY)
Mary Landrieu (LA)	Jim Risch (ID)
Maria Cantwell (WA)	Mike Lee (UT)
Bernie Sanders (VT)	Rob Portman (OH)
Debbie Stabenow (MI)	John Hoeven (ND)
Mark Udall (CO)	Dean Heller (NV)
Al Franken (MN)	Lamar Alexander (TN)
Joe Manchin (WV)	Tim Scott (SC)
Chris Coons (DE)	Jeff Flake (AZ)
Brian Schatz (HI)	
Martin Heinrich (NM)	
<i>Staff Director: Joshua Sheinkman</i>	<i>Staff Director: Karen Billups</i>



Senate Environment and Public Works Committee	
Majority	Minority
<i>Barbara Boxer (CA), Chairman</i>	<i>David Vitter (LA), Ranking Member</i>
Max Baucus (MT)	Jim Inhofe (OK)
Tom Carper (DE)	John Barrasso (WY)
Frank Lautenberg (NJ)	Jeff Sessions (AL)
Ben Cardin (MD)	Mike Crapo (ID)
Bernie Sanders (VT)	John Boozman (AR)
Sheldon Whitehouse (RI)	Rocker Wicker (MS)
Tom Udall (NM)	Deb Fisher (NE)
Jeff Merkley (OR)	
Kirsten Gillibrand (NY)	
<i>Staff Director: Bettina Poirier</i>	<i>Staff Director: Ruth Van Mark</i>

Senate Finance Committee	
Majority	Minority
<i>Max Baucus (MT), Chairman</i>	<i>Orrin Hatch (UT), Ranking Member</i>
Jay Rockefeller (WV)	Chuck Grassley (IA)
John Kerry (MA)	Mike Crapo (ID)
Ron Wyden (OR)	Pat Roberts (KS)
Chuck Schumer (NY)	Mike Enzi (WY)
Debbie Stabenow (MI)	John Cornyn (TX)
Maria Cantwell (WA)	John Thune (SD)
Bill Nelson (FL)	Richard Burr (NC)
Bob Menendez (NJ)	Johnny Isakson (GA)
Tom Carper (DE)	Rob Portman (OH)
Ben Cardin (MD)	Pat Toomey (PA)
Sherrod Brown (OH)	
Michael Bennet (CO)	
<i>Staff Director: Amber Cottle</i>	<i>Staff Director: Chris Campbell</i>

Senate Foreign Relations Committee	
Majority	Minority
John Kerry (MA), Chairman	<i>Bob Corker (TN), Ranking Member</i>
Barbara Boxer (CA)	Jim Risch (ID)
Bob Menendez (NJ)	Marco Rubio (FL)
Ben Cardin (MD)	Jim Inhofe (OK)
Bob Casey (PA)	Johnny Isakson (GA)
Jeanne Shaheen (NH)	John Barrasso (WY)
Chris Coons (DE)	Mike Lee (UT)
Tom Udall (NM)	
Chris Murphy (CT)	
Tim Kaine (VA)	



Senate Foreign Relations Committee	
Majority	Minority
<i>Staff Director: Bill Danvers</i>	<i>Staff Director: Les Munson</i>

Senate Health, Education, Labor, and Pensions Committee	
Majority	Minority
<i>Tom Harkin (IA), Chairman</i>	<i>Lamar Alexander (TN), Ranking Member</i>
Barbara Mikulski (MD)	Mike Enzi (WY)
Patty Murray (WA)	Richard Burr (NC)
Bernie Sanders (VT)	Johnny Isakson (GA)
Bob Casey (PA)	Rand Paul (KY)
Kay Hagan (NC)	Orrin Hatch (UT)
Al Franken (MN)	John McCain (AZ)
Michael Bennet (CO)	Pat Roberts (KS)
Sheldon Whitehouse (RI)	Lisa Murkowski (AK)
Tammy Baldwin (WI)	Mark Kirk (IL)
Chris Murphy (CT)	Tim Scott (SC)
Elizabeth Warren (MA)	
<i>Staff Director: Pam Smith</i>	<i>Staff Director: David Cleary</i>

Senate Homeland Security and Governmental Affairs Committee	
Majority	Minority
<i>Tom Carper (DE), Chairman</i>	<i>Tom Coburn (OK), Ranking Member</i>
Carl Levin (MI)	John McCain (AZ)
Mark Pryor (AR)	Ron Johnson (WI)
Mary Landrieu (LA)	Rob Portman (OH)
Claire McCaskill (MO)	Rand Paul (KY)
Jon Tester (MT)	Jerry Moran (KS)
Mark Begich (AK)	
Tammy Baldwin (WI)	
Heidi Heitkamp (ND)	
<i>Staff Director: Rick Kessler</i>	<i>Staff Director: Nick Rossi</i>

Senate Judiciary Committee	
Majority	Minority
<i>Patrick Leahy (VT), Chairman</i>	<i>Chuck Grassley (IA), Ranking Member</i>
Dianne Feinstein (CA)	Orrin Hatch (UT)
Chuck Schumer (NY)	Jeff Sessions (AL)
Dick Durbin (IL)	Lindsey Graham (SC)
Sheldon Whitehouse (RI)	John Cornyn (TX)
Amy Klobuchar (MN)	Mike Lee (UT)
Al Franken (MN)	Jeff Flake (FL)
Chris Coons (DE)	Ted Cruz (TX)



Senate Judiciary Committee	
Majority	Minority
Richard Blumenthal (CT)	
Mazie Hirono (HI)	
<i>Staff Director: Bruce Cohen</i>	<i>Staff Director: Kolan Davis</i>

Senate Small Business and Entrepreneurship Committee	
Majority	Minority
<i>Mary Landrieu (LA), Chairman</i>	<i>Jim Risch (ID), Ranking Member</i>
Carl Levin (MI)	David Vitter (LA)
Tom Harkin (IA)	Marco Rubio (FL)
John Kerry (MA)	Rand Paul (KY)
Maria Cantwell (WA)	Kelly Ayotte (NH)
Mark Pryor (AR)	Mike Enzi (WY)
Ben Cardin (MD)	Jerry Moran (KS)
Jeanne Shaheen (NH)	
Kay Hagan (NC)	
Heidi Heitkamp (ND)	
<i>Staff Director: Jane Campbell</i>	<i>Staff Director: Wally Hsueh</i>

Senate Veterans' Affairs Committee	
Majority	Minority
<i>Bernie Sanders (VT), Chairman</i>	<i>Johnny Isakson (GA), Ranking Member</i>
Jay Rockefeller (WV)	Richard Burr (NC)
Patty Murray (WA)	Roger Wicker (MS)
Sherrod Brown (OH)	Mike Johanns (NE)
Jon Tester (MT)	Jerry Moran (KS)
Mark Begich (AK)	John Boozman (AR)
Richard Blumenthal (CT)	
Mazie Hirono (HI)	
<i>Staff Director: Dahlia Melendrez</i>	<i>Staff Director: Lupe Wissel</i>



Senate Indian Affairs Committee	
Majority	Minority
<i>Maria Cantwell (WA), Chairman</i>	<i>John Barrasso (WY), Ranking Member</i>
Tim Johnson (SD)	John McCain (AZ)
Jon Tester (MT)	Lisa Murkowski (AK)
Tom Udall (NM)	John Hoeven (ND)
Al Franken (MN)	Mike Crapo (ID)
Mark Begich (AK)	Mike Johanns (NE)
Brian Schatz (HI)	
Heidi Heitkamp (ND)	
<i>Staff Director: Loretta Tuell</i>	<i>Staff Director: David Mullan</i>

Senate Select Committee on Intelligence	
Majority	Minority
<i>Dianne Feinstein (CA), Chairman</i>	<i>Saxby Chambliss (GA), Vice Chairman</i>
Jay Rockefeller (WV)	Richard Burr (NC)
Ron Wyden (OR)	Dan Coats (IN)
Barbara Mikulski (MD)	Marco Rubio (FL)
Mark Udall (CO)	Susan Collins (ME)
Mark Warner (VA)	Tom Coburn (OK)
Martin Heinrich (NM)	
Angus King (ME)	
<i>Staff Director: David Alexander Grannis</i>	<i>Staff Director: Martha Scott Poindexter</i>

Senate Committee on Aging	
Majority	Minority
<i>Bill Nelson (FL), Chairman</i>	<i>Susan Collins (ME), Ranking Member</i>
Ron Wyden (OR)	Bob Corker (TN)
Bob Casey (PA)	Orrin Hatch (UT)
Claire McCaskill (MO)	Mark Kirk (IL)
Sheldon Whitehouse (RI)	Dean Heller (NV)
Kirsten Gillibrand (NY)	Kelly Ayotte (NH)
Joe Manchin (WV)	Jeff Flake (AZ)
Richard Blumenthal (CT)	Ted Cruz (TX)
Tammy Baldwin (WI)	Tim Scott (SC)
Joe Donnelly (IN)	
Elizabeth Warren (MA)	
<i>Staff Director: Kim Lipsky</i>	<i>Staff Director: Mike Bassett</i>



House

Following the 2012 election, the House of Representatives remained in Republican control, although the Democrats did manage to pick up 8 seats. The final breakdown is 234 Republicans and 201 Democrats in the House. 84 members will be freshmen in the 113th Congress.

Just as with the Senate, the House Republicans impose term-limit rules. However, as with the case of Representative Ryan chairing the Budget Committee, waivers can be granted.

The staff directors for the majority and minority are again listed. Not all changes in staff have been confirmed, and in some cases, the 112th Congress staff directors are listed.

House Agriculture Committee	
Majority	Minority
<i>Frank Lucas (OK-3), Chairman</i>	<i>Collin Peterson (MN-7) Ranking Member</i>
Bob Goodlatte (VA-6)	Mike McIntyre (NC-7)
Steve King (IA-4)	David Scott (GA-13)
Randy Neugebauer (TX-19)	Jim Costa (CA-16)
Mike Rogers (AL-3)	Tim Walz (MN-1)
Mike Conaway (TX-11)	Kurt Schrader (OR-5)
G.T. Thompson (PA-5)	Marcia Fudge (OH-11)
Bob Gibbs (OH-7)	Jim McGovern (MA-2)
Austin Scott (GA-8)	Suzan DelBene (WA-1)
Scott Tipton (CO-3)	Gloria Negrete McLeod (CA-35)
Steve Southerland (FL-2)	Filemon Vela (TX-34)
Rick Crawford (AR-1)	Michelle Lujan Grisham (NM-1)
Martha Roby (AL-2)	Ann Kuster (NH-2)
Scott DesJarlais (TN-4)	Rick Nolan (MN-8)
Chris Gibson (NY-19)	Pete Gallego (TX-23)
Vicky Hartzler (MO-4)	Bill Enyart (IL-2)
Reid Ribble (WI-8)	Jan Vargas (CA-51)
Kristi Noem (SD-1)	Cheri Bustos (IL-17)
Dan Benishek (MI-1)	Sean Patrick Maloney (NY-18)
Chris Collins (NY-27)	
Rodney Davis (IL-13)	
Jeff Denham (CA-10)	
Richard Hudson (NC-8)	
Doug LaMalfa (CA-1)	
Ted Yoho (FL-3)	
<i>Staff Director: Nicole Scott</i>	<i>Staff Director: Rob Larew</i>



House Appropriations Committee	
Majority	Minority
<i>Harold Rogers (KY-5), Chairman</i>	<i>Nita Lowey (NY-17), Ranking Member</i>
C.W. Bill Young (FL-13)	Marcy Kaptur (OH-9)
Frank Wolf (VA-10)	Peter Visclosky (IN-1)
Jack Kingston (GA-1)	Jose Serrano (NY-15)
Rodney Frelinghuysen (NJ-11)	Rosa DeLauro (CT-3)
Tom Latham (IA-3)	Jim Moran (VA-8)
Robert Aderholt (AL-4)	Ed Pastor (AZ-7)
Jo Ann Emerson (MO-8)	David Price (NC-4)
Kay Granger (TX-12)	Lucille Roybal-Allard (CA-40)
Mike Simpson (ID-2)	Sam Farr (CA-20)
John Culberson (TX-7)	Chaka Fattah (PA-2)
Ander Crenshaw (FL-4)	Sanford Bishop (GA-2)
John Carter (TX-31)	Barbara Lee (CA-13)
Rodney Alexander (LA-5)	Adam Schiff (CA-28)
Ken Calvert (CA-42)	Mike Honda (CA-17)
Jo Bonner (AL-1)	Betty McCollum (MN-4)
Tom Cole (OK-4)	Steve Israel (NY-3)
Mario Diaz-Balart (FL-25)	Tim Ryan (OH-13)
Charlie Dent (PA-15)	C.A. Dutch Ruppersberger (MD-2)
Cynthia Lummis (WY-1)	Debbie Wasserman Schultz (FL-23)
Tom Graves (GA-14)	Henry Cuellar (TX-28)
Kevin Yoder (KS-3)	Chellie Pingree (ME-1)
Steve Womack (AR-3)	Mike Quigley (IL-5)
Alan Nunnelee (MS-1)	
Jeff Fortenberry (NE-1)	
Tom Rooney (FL-17)	
Chuck Fleischmann (TN-3)	
Jaime Herrera Beutler (WA-3)	
David Joyce (OH-14)	
David Valadao (CA-21)	
<i>Staff Director: Bill Inglee</i>	<i>Staff Director: David Pomerantz</i>

House Armed Services Committee	
Majority	Minority
<i>Buck McKeon (CA-25), Chairman</i>	<i>Adam Smith (WA-9), Ranking Member</i>
Mac Thornberry (TX-13)	Loretta Sanchez (CA-46)
Walter Jones (NC-3)	Mike McIntyre (NC-7)
Randy Forbes (VA-4)	Robert Brady (PA-1)
Jeff Miller (FL-1)	Rob Andrews (NJ-1)
Joe Wilson (SC-2)	Susan Davis (CA-53)



House Armed Services Committee	
Majority	Minority
Frank LoBiondo (NJ-2)	James Langevin (RI-2)
Rob Bishop (UT-1)	Rick Larsen (WA-2)
Mike Turner (OH-10)	Jim Cooper (TN-5)
John Kline (MN-2)	Madeleine Bordallo (GU-1)
Mike Rogers (AL-3)	Joe Courtney (CT-2)
Trent Franks (AZ-8)	David Loebsack (IA-2)
Bill Shuster (PA-9)	Niki Tsongas (MA-3)
Mike Conaway (TX-11)	John Garamendi (CA-3)
Doug Lamborn (CO-5)	Hank Johnson (GA-4)
Rob Wittman (VA-1)	Colleen Hanabusa (HI-1)
Duncan Hunter (CA-50)	Jackie Speier (CA-14)
John Fleming (LA-4)	Ron Barber (AZ-2)
Mike Coffman (CO-6)	Andre Carson (IN-7)
Tom Rooney (FL-17)	Carol Shea-Porter (NH-1)
Scott Rigell (VA-2)	Dan Maffei (NY-24)
Chris Gibson (NY-19)	Derek Kilmer (WA-6)
Vicky Hartzler (MO-4)	Joaquin Castro (TX-20)
Joe Heck (NV-3)	Tammy Duckworth (IL-8)
Jon Runyan (NJ-3)	Scott Peters (CA-52)
Austin Scott (GA-8)	Bill Enyart (IL-12)
Timothy Griffin (AR-2)	Pete Gallego (TX-23)
Steven Palazzo (MS-4)	Marc Veasey (TX-33)
Martha Roby (AL-2)	
Mo Brooks (AL-5)	
Richard Nugent (FL-11)	
Kristi Noem (SD-1)	
Paul Cook (CA-8)	
Jim Bridenstine (OK-1)	
Brad Wenstrup (OH-2)	
Jackie Walorski (IN-2)	
<i>Staff Director: Bob Simmons</i>	<i>Staff Director: Paul Arcangeli</i>

House Budget Committee	
Majority	Minority
<i>Paul Ryan (WI-1), Chairman</i>	<i>Chris Van Hollen (MD-8), Ranking Member</i>
Scott Garrett (NJ-5)	Allyson Schwartz (PA-13)
Mike Simpson (ID-2)	Marcy Kaptur (OH-9)
John Campbell (CA-45)	Lloyd Doggett (TX-35)
Ken Calvert (CA-42)	Earl Blumenauer (OR-3)
Tom Cole (OK-4)	Betty McCollum (MN-4)
Tom Price (GA-6)	John Yarmuth (KY-3)



House Budget Committee	
Majority	Minority
Tom McClintock (CA-4)	Bill Pascrell (NJ-9)
Jason Chaffetz (UT-3)	Mike Honda (CA-17)
Marlin Stutzman (IN-3)	Tim Ryan (OH-13)
James Lankford (OK-5)	Debbie Wasserman Schultz (FL-23)
Diane Black (TN-6)	Gwen Moore (WI-4)
Reid Ribble (WI-8)	Kathy Castor (FL-14)
Bill Flores (TX-17)	Karen Bass (CA-37)
Mick Mulvaney (SC-5)	Suzanna Bonamici (OR-1)
Todd Young (IN-9)	Barbara Lee (CA-13)
Todd Rokita (IN-4)	David Cicilline (RI-1)
Rob Woodall (GA-7)	Denny Heck (WA-10)
Marsha Blackburn (TN-7)	
Scott Rigell (VA-2)	
Vicky Hartzler (MO-4)	
Jim Renacci (OH-16)	
<i>Staff Director: Austin Smythe</i>	<i>Staff Director: Tom Kahn</i>

House Education and the Workforce Committee	
Majority	Minority
<i>John Kline (MN-2), Chairman</i>	<i>George Miller (CA-11), Ranking Member</i>
Tom Petri (WI-6)	Rob Andrews (NJ-1)
Buck McKeon (CA-25)	Bobby Scott (VA-3)
Joe Wilson (SC-2)	Ruben Hinojosa (TX-15)
Virginia Foxx (NC-5)	Carolyn McCarthy (NY-4)
Tom Price (GA-6)	John Tierney (MA-6)
Kenny Marchant (TX-24)	Rush Holt (NJ-12)
Duncan Hunter (CA-50)	Susan Davis (CA-53)
Phil Roe (TN-1)	Raul Grijalva (AZ-3)
G.T. Thompson (PA-5)	Timothy Bishop (NY-1)
Tim Walberg (MI-7)	David Loebsack (IA-2)
Matt Salmon (AZ-5)	Joe Courtney (CT-2)
Brett Guthrie (KY-2)	Marcia Fudge (OH-11)
Scott DesJarlais (TN-4)	Jared Polis (CO-2)
Todd Rokita (IN-4)	Gregorio Sablan (CNMI)
Larry Buschon (IN-8)	John Yarmuth (KY-3)
Trey Gowdy (SC-4)	Frederica Wilson (FL-24)
Lou Barletta (PA-11)	Suzanne Bonamici (OR-1)
Martha Roby (AL-2)	
Joe Heck (NV-3)	
Susan Brooks (IN-5)	
Richard Hudson (NC-8)	



House Education and the Workforce Committee	
Majority	Minority
Luke Messer (IN-6)	
<i>Staff Director: Elizabeth Barrett Karr</i>	<i>Staff Director: Jody Calemine</i>

House Energy and Commerce Committee	
Majority	Minority
<i>Fred Upton (MI-6), Chairman</i>	<i>Henry Waxman (CA-33), Ranking Member</i>
Ralph Hall (TX-4)	John Dingell (MI-12)
Joe Barton (TX-6)	Ed Markey (MA-5)
Ed Whitfield (KY-1)	Frank Pallone (NJ-6)
John Shimkus (IL-15)	Bobby Rush (IL-1)
Joseph Pitts (PA-16)	Anna Eshoo (CA-18)
Greg Walden (OR-2)	Eliot Engel (NY-16)
Lee Terry (NE-2)	Gene Green (TX-29)
Mike Rogers (MI-8)	Diana DeGette (CO-1)
Tim Murphy (PA-18)	Lois Capps (CA-24)
Mike Burgess (TX-26)	Michael Doyle (PA-14)
Marsha Blackburn (TN-7)	Jan Schakowsky (IL-9)
Phil Gingrey (GA-11)	Jim Matheson (UT-4)
Steve Scalise (LA-1)	G.K. Butterfield (NC-1)
Bob Latta (OH-5)	John Barrow (GA-12)
Cathy McMorris Rodgers (WA-5)	Doris Matsui (CA-6)
Gregg Harper (MS-3)	Donna Christian-Christensen (VI)
Leonard Lance (NJ-7)	Kathy Castor (FL-14)
Bill Cassidy (LA-6)	John Sarbanes (MD-3)
Brett Guthrie (KY-2)	Jerry McNerney (CA-9)
Pete Olson (TX-22)	Bruce Braley (IA-1)
David McKinley (WV-1)	Peter Welch (VT-1)
Cory Gardner (CO-4)	Ben Ray Lujan (NM-3)
Mike Pompeo (KS-4)	Paul Tonko (NY-20)
Adam Kinzinger (IL-16)	
Morgan Griffith (VA-9)	
Gus Bilirakis (FL-12)	
Bill Johnson (OH-6)	
Billy Long (MO-7)	
Renee Ellmers (NC-2)	
<i>Staff Director: Gary Andres</i>	<i>Staff Director: Phil Barnett</i>



House Financial Services Committee	
Majority	Minority
<i>Jeb Hensarling (TX-5), Chairman</i>	<i>Maxine Waters (CA-43), Ranking Member</i>
Spencer Bachus (AL-6)	Carolyn Maloney (NY-12)
Peter King (NY-2)	Nydia Velazques (NY-7)
Ed Royce (CA-39)	Mel Watt (NC-12)
Frank Lucas (OK-3)	Brad Sherman (CA-30)
Shelley Moore Capito (WV-2)	Gregory Meeks (NY-5)
Scott Garrett (NJ-5)	Michael Capuano (MA-7)
Randy Neugebauer (TX-19)	Ruben Hinojosa (TX-15)
Patrick McHenry (NC-10)	William Clay (MO-1)
John Campbell (CA-45)	Carolyn MMinority cCarthy (NY-4)
Michele Bachmann (MN-6)	Stephen Lynch (MA-8)
Kevin McCarthy (CA-23)	David Scott (GA-13)
Steve Pearce (NM-2)	Al Green (TX-9)
Bill Posey (FL-8)	Emanuel Cleaver (MO-5)
Mike Fitzpatrick (PA-8)	Gwen Moore (WI-4)
Lynn Westmoreland (GA-3)	Keith Ellison (MN-5)
Blaine Luetkemeyer (MO-3)	Ed Perlmutter (CO-7)
Bill Huizenga (MI-2)	Jim Himes (CT-4)
Sean Duffy (WI-7)	Gary Peters (MI-14)
Jim Renacci (OH-16)	John Carney (DE-1)
Robert Hurt (VA-5)	Terri Sewell (AL-7)
Michael Grimm (NY-11)	Bill Foster (IL-11)
Steve Stivers (OH-15)	Dan Kildee (MI-5)
Stephen Fincher (TN-8)	Patrick Murphy (FL-18)
Marlin Stutzman (IN-3)	John Delaney (MD-6)
Randy Hultgren (IL-14)	Kyrsten Sinema (AZ-9)
Dennis Ross (FL-15)	Joyce Beatty (OH-3)
Robert Pittenger (NC-9)	
Ann Wagner (MO-2)	
Andy Barr (KY-6)	
Tom Cotton (AR-4)	
<i>Staff Director: Shannon McGahn</i>	<i>Staff Director: Jeanne Roslanowick</i>

House Foreign Affairs Committee	
Majority	Minority
<i>Ed Royce, (TX-39), Chairman</i>	<i>Eliot Engel (NY-16), Ranking Member</i>
Chris Smith (NJ-4)	Eni Faleomavaega (AS-1)
Ileana Ros-Lehtinen (FL-27)	Brad Sherman (CA-27)
Dana Rohrabacher (CA-48)	Gregory Meeks (NY-5)
Steve Chabot (OH-1)	Albio Sires (NJ-8)



House Foreign Affairs Committee	
Majority	Minority
Joe Wilson (SC-2)	Gerry Connolly (VA-11)
Mike McCaul (TX-10)	Ted Deutch (FL-21)
Ted Poe (TX-2)	Brian Higgins (NY-26)
Matt Salmon (AZ-5)	Karen Bass (CA-37)
Tom Marino (PA-10)	William Keating (MA-9)
Jeff Duncan (SC-3)	David Cicilline (RI-1)
Adam Kinzinger (IL-16)	Alan Grayson (FL-9)
Mo Brooks (AL-5)	Juan Vargas (CA-51)
Tom Cotton (AR-4)	Brad Schneider (IL-10)
Paul Cook (CA-8)	Joe Kennedy (MA-4)
George Holding (NC-13)	Ami Bera (CA-7)
Randy Weber (TX-14)	Alan Lowenthal (CA-47)
Scott Perry (PA-4)	Lois Frankel (FL-22)
Steve Stockman (TX-36)	Grace Meng (NY-6)
Ron DeSantis (FL-6)	Joaquin Castro (TX-20)
Trey Radel (FL-19)	Tulsi Gabbard (HI-2)
Doug Collins (GA-9)	
Mark Meadows (NC-11)	
Ted Yoho (FL-3)	
Luke Messer (IN-6)	
<i>Staff Director: Tom Sheehy</i>	<i>Staff Director: Jason Steinbaum</i>

House Homeland Security Committee	
Majority	Minority
<i>Mike McCaul (TX-10), Chairman</i>	<i>Bennie Thompson (MS-2), Ranking Member</i>
Lamar Smith (TX-21)	Loretta Sanchez (CA-46)
Peter King (NY-2)	Sheila Jackson Lee (TX-18)
Mike Rogers (AL-3)	Yvette Clarke (NY-9)
Paul Broun (GA-10)	Brian Higgins (NY-26)
Candice Miller (MI-10)	Cedric Richmond (LA-2)
Pat Meehan (PA-7)	William Keating (MA-9)
Jeff Duncan (SC-3)	Janice Hahn (CA-44)
Tom Marino (PA-10)	Ron Barber (AZ-2)
Jason Chaffetz (UT-3)	Donald Payne Jr. (NJ-10)
Steven Palazzo (MS-4)	Beto O'Rourke (TX-16)
Lou Barletta (PA-11)	Tulsi Gabbard (HI-2)
Chris Stewart (UT-2)	
Keith Rothfus (PA-12)	
Richard Hudson (NC-8)	
Steve Daines (MT-1)	
Susan Brooks (IN-5)	



House Homeland Security Committee	
Majority	Minority
Scott Perry (PA-4)	
<i>Staff Director: Greg Hill</i>	<i>Staff Director: Lanier Avant</i>

House Administration Committee	
Majority	Minority
<i>Candice Miller (MI-10), Chairman</i>	<i>Robert Brady (PA-1), Ranking Member</i>
Gregg Harper (MS-3)	
Phil Gingrey (GA-11)	
Aaron Schock (IL-18)	
Todd Rokita (IN-4)	
Richard Nugent (FL-11)	
<i>Staff Director: Philip Kiko</i>	<i>Staff Director: Jamie Fleet</i>

House Judiciary Committee	
Majority	Minority
<i>Bob Goodlatte (VA-6), Chairman</i>	<i>John Conyers (MI-13), Ranking Member</i>
Lamar Smith (TX-21)	Jerrold Nadler (NY-10)
Jim Sensenbrenner (WI-5)	Bobby Scott (VA-3)
Howard Coble (NC-6)	Mel Watt (NC-12)
Steve Chabot (OH-1)	Zoe Lofgren (CA-19)
Darrell Issa (CA-49)	Sheila Jackson-Lee (TX-18)
Randy Forbes (VA-4)	Steve Cohen (TN-9)
Steve King (IA-4)	Hank Johnson (GA-4)
Trent Franks (AZ-8)	Pedro Pierluisi (PR-1)
Louie Gohmert (TX-1)	Michael Quigley (IL-5)
Jim Jordan (OH-4)	Judy Chu (CA-27)
Ted Poe (TX-2)	Ted Deutch (FL-21)
Jason Chaffetz (UT-3)	Luis Gutierrez (IL-4)
Tom Marino (PA-10)	Karen Bass (CA-37)
Trey Gowdy (SC-4)	Cedric Richmond (LA-2)
Dennis Ross (FL-15)	Suzan DelBene (WA-1)
Mark Amodei (NV-2)	Joe Garcia (FL-26)
Spencer Bachus (AL-6)	Hakeem Jeffries (NY-8)
Doug Collins (GA-9)	
Ron DeSantis (FL-6)	
Blake Farenthold (TX-27)	
George Holding (NC-13)	
Raul Labrador (ID-1)	
Keith Rothfus (PA-12)	
<i>Staff Director: Shelley Husband</i>	<i>Staff Director: Perry Apfelbaum</i>



House Natural Resources Committee	
Majority	Minority
<i>Doc Hastings (WA-4), Chairman</i>	<i>Ed Markey (MA-5), Ranking Member</i>
Don Young (AK-1)	Peter DeFazio (OR-4)
Louie Gohmert (TX-1)	Eni Faleomavaega (AS-1)
Rob Bishop (UT-1)	Frank Pallone (NJ-6)
Doug Lamborn (CO-5)	Grace Napolitano (CA-32)
Rob Wittman (VA-1)	Rush Holt (NJ-12)
Paul Broun (GA-10)	Raul Grijalva (AZ-3)
John Fleming (LA-4)	Madeleine Bordallo (GU-1)
Tom McClintock (CA-4)	Jim Costa (CA-16)
G.T. Thompson (PA-5)	Gregorio Sablan (CNMI)
Cynthia Lummis (WY-1)	Niki Tsongas (MA-3)
Dan Benishek (MI-1)	Pedro Pierluisi (PR-1)
Jeff Duncan (SC-3)	Colleen Hanabusa (HI-1)
Scott Tipton (CO-3)	Tony Cardenas (CA-29)
Paul Gosar (AZ-4)	Steven Horsford (NV-4)
Raul Labrador (ID-1)	Jared Huffman (CA-2)
Steve Southerland (FL-2)	Raul Ruiz (CA-36)
Bill Flores (TX-17)	Carol Shea-Porter (NH-1)
Andy Harris (MD-1)	Alan Lowenthal (CA-47)
Jon Runyan (NJ-3)	Joe Garcia (FL-26)
Mark Amodei (NV-2)	Matthew Cartwright (PA-17)
Markwayne Mullin (OK-2)	
Chris Stewart (UT-2)	
Steve Daines (MT-1)	
Kevin Cramer (ND-1)	
Doug LaMalfa (CA-1)	
<i>Staff Director: Todd Dean Young</i>	<i>Staff Director: Jeff Duncan</i>

House Oversight and Government Reform Committee	
Majority	Minority
<i>Darrell Issa (CA-49), Chairman</i>	<i>Elijah Cummings (MD-7), Ranking Member</i>
John Mica (FL-7)	Carolyn Maloney (NY-12)
Mike Turner (OH-10)	Eleanor Holmes Norton (DC)
Patrick McHenry (NC-10)	John Tierney (MA-6)
Jim Jordan (OH-4)	William Lacy Clay (MO-1)
Jason Chaffetz (UT-3)	Stephen Lynch (MA-8)
Tim Walberg (MI-7)	Jim Cooper (TN-5)
James Lankford (OK-5)	Gerry Connolly (VA-11)
Justin Amash (MI-3)	Michael Quigley (IL-5)
Paul Gosar (AZ-4)	John Yarmuth (KY-3)
Raul Labrador (ID-1)	Jackie Speier (CA-14)



House Oversight and Government Reform Committee	
Majority	Minority
Pat Meehan (PA-7)	Matt Cartwright (PA-17)
Scott DesJarlais (TN-4)	Mark Pocan (WI-2)
Trey Gowdy (SC-4)	
Dennis Ross (FL-15)	
Blake Farenthold (TX-27)	
Mike Kelly (PA-3)	
<i>Staff Director: Larry Brady</i>	<i>Staff Director: David Rapallo</i>

House Rules Committee	
Majority	Minority
<i>Pete Sessions (TX-32), Chairman</i>	<i>Louise Slaughter (NY-25), Ranking Member</i>
Virginia Foxx (NC-5)	James McGovern (MA-2)
Rob Bishop (UT-1)	Alcee Hasting (FL-20)
Tom Cole (OK-4)	Jared Polis (CO-2)
Rob Woodall (GA-7)	
Rich Nugent (FL-11)	
Daniel Webster (FL-10)	
Ileana Ros-Lehtinen (FL-27)	
Mike Burgess (TX-26)	
<i>Staff Director: Hugh Nathaniel Halpern</i>	<i>Staff Director: Miles Lackey</i>

House Science, Space, and Technology Committee	
Majority	Minority
<i>Lamar Smith (TX-21), Chairman</i>	<i>Eddie Bernice Johnson (TX-30), Ranking Member</i>
Jim Sensenbrenner (WI-5)	Zoe Lofgren (CA-19)
Ralph Hall (TX-4)	Dan Lipinski (IL-3)
Dana Rohrabacher (CA-48)	Donna Edwards (MD-4)
Frank Lucas (OK-3)	Ben Lujan (NM-3)
Randy Neugebauer (TX-19)	Paul Tonko (NY-20)
Mike McCaul (TX-10)	Terri Sewell (AL-7)
Paul Broun (GA-10)	Frederica Wilson (FL-24)
Steven Palazzo (MS-4)	Suzanne Bonamici (OR-1)
Mo Brooks (AL-5)	Eric Swalwell (CA-15)
Andy Harris (MD-1)	
Randy Hultgren (IL-14)	
Larry Busch (IN-8)	
Steve Stockman (TX-36)	
Bill Posey (FL-8)	
Cynthia Lummis (WY-1)	
David Schweikert (AZ-6)	
Thomas Massie (KY-4)	



House Science, Space, and Technology Committee	
Majority	Minority
Kevin Cramer (ND-1)	
Jim Bridenstine (OK-1)	
Randy Weber (TX-14)	
Chris Stewart (UT-2)	
<i>Chief of Staff: Jennifer Brown</i>	<i>Chief of Staff: Dick Obermann</i>

House Small Business Committee	
Majority	Minority
<i>Sam Graves (MO-6), Chairman</i>	<i>Nydia Velazquez (NY-7), Ranking Member</i>
Steven Chabot (OH-1)	Kurt Schrader (OR-5)
Steve King (IA-4)	Yvette Clarke (NY-9)
Mike Coffman (CO-6)	Judy Chu (CA-27)
Blaine Luetkemeyer (MO-3)	David Cicilline (RI-1)
Mick Mulvaney (SC-5)	Cedric Richmond (LA-2)
Scott Tipton (CO-3)	Janice Hahn (CA-44)
Jaime Herrera Beutler (WA-3)	Grace Meng (NY-6)
Richard Hanna (NY-22)	
Tim Huelskamp (KS-1)	
David Schweikert (AZ-5)	
Kerry Bentivolio (MI-11)	
Chris Collins (NY-27)	
Tom Rice (SC-7)	
<i>Staff Director: Lori Salley</i>	<i>Staff Director: Michael Day</i>

House Transportation and Infrastructure Committee	
Majority	Minority
<i>Bill Shuster (PA-9), Chairman</i>	<i>Nick Rahall (WV-3), Ranking Member</i>
Don Young (AK-1)	Peter DeFazio (OR-4)
Tom Petri (WI-6)	Eleanor Holmes Norton (DC)
Howard Coble (NC-6)	Jerrold Nadler (NY-10)
Jimmy Duncan (TN-2)	Corrine Brown (FL-5)
John Mica (FL-7)	Eddie Bernice Johnson (TX-30)
Frank LoBiondo (NJ-2)	Elijah Cummings (MD-7)
Gary Miller (CA-31)	Rick Larsen (WA-2)
Sam Graves (MO-6)	Mike Capuano (MA-7)
Shelley Moore Capito (WV-2)	Timothy Bishop (NY-1)
Candice Miller (MI-10)	Mike Michaud (ME-2)
Duncan Hunter (CA-50)	Grace Napolitano (CA-32)
Andy Harris (MD-1)	Daniel Lipinski (IL-3)
Rick Crawford (AR-1)	Tim Walz (MN-1)
Lou Barletta (PA-11)	Steve Cohen (TN-9)



House Transportation and Infrastructure Committee	
Majority	Minority
Blake Farenthold (TX-27)	Albio Sires (NJ-8)
Larry Buschon (IN-8)	Donna Edwards (MD-4)
Bob Gibbs (OH-7)	John Garamendi (CA-3)
Pat Meehan (PA-7)	Andre Carson (IN-7)
Richard Hanna (NY-22)	Janice Hahn (CA-44)
Daniel Webster (FL-10)	Rick Nolan (MN-8)
Steve Southerland (FL-2)	Ann Kirkpatrick (AZ-1)
Jeff Denham (CA-10)	Dina Titus (NV-1)
Reid Ribble (WI-8)	Sean Patrick Maloney (NY-18)
Thomas Massie (KY-4)	Elizabeth Esty (CT-5)
Steve Daines (MT-1)	Lois Frankel (FL-22)
Tom Rice (SC-7)	Cheri Bustos (IL-17)
Markwayne Mullin (OK-2)	
Roger Williams (TX-25)	
Trey Radel (FL-19)	
Mark Meadows (NC-11)	
Scott Perry (PA-4)	
Rodney Davis (IL-13)	
<i>Chief of Staff: Chris Bertram</i>	<i>Staff Director: Jim Zoia</i>

House Veterans' Affairs Committee	
Majority	Minority
<i>Jeff Miller (FL-1), Chairman</i>	<i>Mike Michaud (ME-2), Ranking Member</i>
Doug Lamborn (CO-5)	Corrine Brown (FL-5)
Gus Bilirakis (FL-12)	Mark Takano (CA-41)
Phil Roe (TN-1)	Julia Brownley (CA-26)
Bill Flores (TX-17)	Dina Titus (NV-1)
Jeff Denham (CA-10)	Ann Kirkpatrick (AZ-1)
Jon Runyan (NJ-3)	Raul Ruiz (CA-36)
Dan Benishek (MI-1)	Gloria Negrete McLeod (CA-35)
Tim Huelskamp (KS-1)	Ann Kuster (NH-2)
Mike Coffman (CO-6)	Beto O'Rourke (TX-16)
Mark Amodei (NV-2)	
Brad Wenstrup (OH-2)	
Paul Cook (CA-8)	
Jackie Walorski (IN-2)	
<i>Staff Director: Helen Tolar</i>	<i>Staff Director: Nancy Dolan</i>



House Ways and Means Committee	
Majority	Minority
<i>Dave Camp (MI-4), Chairman</i>	<i>Sander Levin (MI-9), Ranking Member</i>
Sam Johnson (TX-3)	Charles Rangel (NY-13)
Kevin Brady (TX-8)	Jim McDermott (WA-7)
Paul Ryan (WI-1)	John Lewis (GA-5)
Devin Nunes (CA-22)	Richard Neal (MA-1)
Pat Tiberi (OH-12)	Xavier Becerra (CA-34)
Dave Reichert (WA-8)	Lloyd Doggett (TX-35)
Charles Boustany (LA-3)	Mike Thompson (CA-5)
Peter Roskam (IL-6)	John Larson (CT-1)
Jim Gerlach (PA-6)	Earl Blumenauer (OR-3)
Tom Price (GA-6)	Ron Kind (WI-3)
Vern Buchanan (FL-16)	Bill Pascrell (NJ-9)
Adrian Smith (NE-3)	Joseph Crowley (NY-14)
Aaron Schock (IL-18)	Allyson Schwartz (PA-13)
Lynn Jenkins (KS-2)	Danny Davis (IL-7)
Erik Paulsen (MN-3)	Linda Sanchez (CA-38)
Kenny Marchant (TX-24)	
Diane Black (TN-6)	
Tom Reed (NY-23)	
Todd Young (IN-9)	
Mike Kelly (PA-3)	
Timothy Griffin (AR-2)	
<i>Staff Director: Jennifer Safavian</i>	<i>Staff Director: Askia Suruma</i>

House Select Committee on Intelligence	
Majority	Minority
<i>Mike Rogers (MI-8), Chairman</i>	<i>C.A. Dutch Ruppersberger (MD-2), Ranking Member</i>
Mac Thornberry (TX-13)	Mike Thompson (CA-5)
Jeff Miller (FL-1)	Jan Schakowsky (IL-9)
Mike Conaway (TX-11)	James Langevin (RI-2)
Peter King (NY-2)	Adam Schiff (CA-28)
Frank LoBiondo (NJ-2)	Luis Gutierrez (IL-4)
Devin Nunes (CA-22)	Ben Chandler (KY-6)
Lynn Westmoreland (GA-3)	
Michele Bachmann (MN-6)	
Tom Rooney (FL-17)	
Joe Heck (NV-3)	
<i>Staff Director: Michael Allen</i>	<i>Staff Director: Heather Molino</i>