# Summary of Federal Legislative Report – November 18

**FISCAL YEAR 2020 APPROPRIATIONS UPDATE**

With the latest stopgap spending bill set to expire on Thursday, November 21, Congress is scheduled to vote on a new Continuing Resolution (CR) that would extend funding for federal programs through December 20. The new CR will give lawmakers just under one month to arrive at a long-term budget deal for the fiscal year that began this October 1.

In addition to providing level funding most federal agency budgets, the bill contains several anomalies, including an automatic 3.1 percent increase in military pay and a boost in funding for the Census Bureau. The CR also includes a provision that will prevent a $7.6 billion cut to federal highway funding, which is slated to be imposed in fiscal year 2020. Finally, the stopgap would extend authorizations through December 20 for the National Flood Insurance Program, the Temporary Assistance for Needy Families (TANF) program, and the Export-Import Bank, among others.

Looking ahead, House and Senate lawmakers must negotiate topline sending figures for each of the 12-annual appropriations bill before a final fiscal year 2020 budget package can advance. In doing so, House and Senate leaders will be trying to avoid the pitfalls that led to the government shutdown earlier this year.

**HOUSE APPROVES CANNABIS BANKING LEGISLATION**

In a historic vote, the House recently voted to approve cannabis banking legislation that would help improve access to financial services for state-legal businesses, as well as the ancillary businesses that provide them with goods and services. The legislation – known as the *SAFE Banking Act* (HR 1595) – would exempt depository institutions and their employees from federal prosecution or investigation solely for providing banking services to a state-legal cannabis-related business. This so-called "safe harbor" is intended to provide certainty for financial institutions to offer their products and services without fear of retribution from the federal government.

To broaden its appeal to GOP members, HR 1595 was amended prior to its consideration to clarify that the safe harbor protections would also extend to hemp and cannabidiol (CBD) companies. In addition, the measure would prevent financial regulators from unfairly targeting certain industries (such as firearms dealers and payday lenders) as a higher risk for fraud. In the end, all but one Democrat supported the bill, while the Republican vote was virtually split.

Looking ahead, it remains unclear whether similar legislation will advance in the GOP-controlled Senate. For his part, Majority Leader Mitch McConnell (R-KY) has continued to express his opposition to any type of legislation that normalizes cannabis use. However, Senate Banking Committee Chairman Mike Crapo (R-ID) has recently shown a willingness to tackle the banking issue, despite his opposition to legalization.

In other developments, the U.S. Department of Agriculture (USDA) recently unveiled its highly anticipated proposed rules governing the new hemp program authorized by the 2018 Farm Bill (PL 115-334). The so-called Domestic Hemp Production Program will provide the regulatory framework for hemp production in the United States. Among other things, it covers the requirements for where the crop can be grown, Tetrahydrocannabinol (THC) testing standards, the disposal process for crops that don't meet federal standards, and licensing protocols.

The publication of the proposed rule in the *Federal Register* on October 31 starts the clock on a 60-day public comment period, which will give stakeholders an opportunity to weigh in on the proposal. While the new regulation provides federal standards for the program, states – with USDA approval – will maintain primary regulatory authority over hemp production. In fact, once the rule is finalized, USDA will have 60 days to decide on state plan applications.

**SENATOR HARRIS INTRODUCES *ENDING HOMELESSNESS ACT***

On October 16, Senator Kamala Harris (D-CA) introduced the *Ending Homelessness Act of 2019* (S 2613). The legislation is the Senate companion to a bill (HR 1856) introduced by House Financial Services Chairwoman Maxine Waters (D-CA). HR 1856 was approved earlier this year in committee and is awaiting floor action.

Among other things, the legislation would authorize $13.27 billion over five years to help address the nation's burgeoning homelessness crisis. Available funding would target emergency relief grants in high needs areas; create new public housing assistance vouchers; increase and preserve rental units; and, fund outreach and service coordination initiatives, including critically important activities under Medicaid/Medi-Cal.

**FAMILY FIRST TRANSITION BILL INTRODUCED**

Key members of Congress recently unveiled bipartisan legislation (HR 4980; S 2777) that would help ease the transition toward implementation of the *Family First Prevention and Services Act* (FFPSA). The FFPSA, which was cleared by Congress in 2018 (PL 115-123), complicated California's efforts to reform the state's child welfare system via the Continuum of Care Reforms enacted under AB 403. In addition, and of concern to several counties in California, the new law did not address the imminent expiration of federal child welfare (Title IV-E) waivers.

HR 4980 and S 2777 include the following key components:

- delays for two years (through FY 2021) the FFPSA's 50 percent "well supported" prevention program requirement. States must meet this new requirement to claim reimbursement for evidence-based prevention programs.

- provides $500 million in one-time, flexible transition funding to all states, regardless of when they opt in to implement the FFPSA. After a three percent set-aside for tribes, the remaining funds would be allocated based on the formula used to distribute child welfare funding under IV-B, Part 1 of the Social Security Act. Pursuant to the draft measure, it is estimated that California would receive $52.8 million to spend over two years. No match would be required to draw down the funds.

- provides short-term bridge funding for those states and counties operating IV-E waivers, which expired on September 30, 2019.

Looking ahead, there is an effort underway to attach the *Family First Transition Act* to a larger, must-pass legislative vehicle.