

CITY COUNCIL STUDY SESSION

Federal Legislative Update

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DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

No formal action is required; this is an informational briefing. Congress, the Administration, and Federal agencies each year approve actions that impact the City in a broad range of areas. Staff may recommend, and/or Council may wish to direct, communication to the City's congressional delegation on a range of issues throughout the year.

RECOMMENDATION

NA

BACKGROUND & ANALYSIS

The attention of Congress and the Administration over the last month has been dominated by the war in Ukraine, federal budget matters, the filling of an open seat on the Supreme Court and addressing inflation. Below is a summary of the key federal budget and legislative matters that may be of interest to the City of Bellevue as of April 4.

FY 2022 Funding

In March Congress and the President agreed to a \$1.5 trillion omnibus spending deal (HR 2471) to fund federal operations for the remainder of FY 2022. The package represents a 6.7 percent increase for non-defense discretionary spending. The package also includes \$13.6 billion in emergency funding for Ukraine, reauthorization of the Violence Against Women Act programs, intelligence authorizations, etc.

It was the first federal spending package to include Congressionally Directed Spending/Community Project Spending (also called "earmarks") since 2011. The City of Bellevue was successful in securing \$915,000 in Congressional Directed Spending in the Commerce Justice State Appropriations bill to start a Community Crisis Assistance Team (CCAT). Senator Maria Cantwell championed the City's request.

A few highlights of the fiscal year (FY) 2022 spending package include the following:

Nutrition and Food Insecurity: Federal nutrition programs are funded at \$173.9 billion, an increase from \$145.7 billion in FY 2021.

- The Supplemental Nutrition Assistance Program (SNAP) is funded at \$140.4 billion, an increase from \$114 billion funded in FY 2021 (23 percent increase).

- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) remains unchanged from FY 2021 at \$6 billion.

Policing and Law Enforcement

- \$201 million, a 31 percent increase for community policing grant programs (COPS), including \$246 million for COPS hiring grants.
- The Byrne-JAG program is funded at \$674.5 million, with \$382 million, a 6 percent increase, being released to support state and local justice systems.
- Officer training and support programs such as: training to handle interactions with individuals who have mental illness or a disability (\$10 million), officer mental health and wellness (\$8 million), the purchase of body cameras (\$35 million) and bulletproof vests (\$30 million).
- \$95 million is provided for grants to states to upgrade criminal and mental health records for the National Instant Criminal Background Check System (NICS).

The agreement did not include language from the House that would have barred COPS funding to state and local governments unless they adopted certain policies and laws on policing practices and undergo the accreditation process from a certified law enforcement accreditation organization.

Energy and Water – \$53 billion, a \$3.24 billion increase for energy and water programs.

- US Army Corp of Engineers is funded at \$8 billion, an increase from \$7.8 billion in FY 2021.
- Low Income Home Energy Assistance Program receives an increase of \$50 million above FY 2021 to \$3.8 billion.
- Climate Change - \$825 million is provided for a renamed Energy Department Office of Fossil Energy and Carbon Management (formerly the Office of Fossil Energy). The mission of the new department is carbon reduction and mitigation in difficult-to-decarbonize sectors. Other climate change initiatives are funded throughout the federal government to support clean energy and reduce greenhouse gas emissions.

Disaster Relief and Emergency Response

- The Federal Emergency Management Agency (FEMA) receives \$18.8 billion for the Disaster Relief Fund. It also gets \$3.63 billion for grants and training, \$338.3 million more than in fiscal 2021.
- \$360 million for Assistance to Firefighter Grants and the \$360 million for Staffing for Adequate Fire and Emergency Response program.
- The package also increased to, at least, 90 percent, from 75 percent, the federal share of recovery costs for emergencies and major disasters declared in 2020 and 2021.
- \$5.48 billion to address wildfires - \$3 billion wildfire management and suppression, plus \$2.45 billion in reserve funding.

Health and Human Services

- \$4.2 billion, a 9 percent increase, across the Department of Health and Human Services to address opioid abuse.
- \$3.2 billion for the Public Health and Social Services Emergency Fund, a \$352.2 million increase.
- \$4.7 billion, a \$394 million increase, for mental health programs, including: \$65 million increase for Certified Community Behavior Health Clinics, \$857.6 million (13.3 percent increase) for Mental Health Block Grants, \$10 million for a new grant program to improve mental health crisis care response, and \$111 million, a \$90 million increase to Department of Education programs to increase mental health services in schools.

Workforce

- \$2.88 billion for grants to states under the Workforce Innovation and Opportunity Act, a \$34 million increase from the fiscal 2021 level.
- \$235 million for registered apprenticeships, a \$50 million increase.

Education, Child Care and Early Learning

- \$17.5 billion, a \$1 billion increase, for K-12 formula grants (Title I Grants)
- \$14.2 billion, a \$433 million increase, for special education state grant programs.
- The maximum Pell grant award was increased by \$400 to a total of \$6,895.
- \$11 billion, a \$288.7 million increase, for Head Start.
- \$6.2 billion, a 4.4 percent increase, for the Child Care and Development Block Grant.

Transportation and Housing and Urban Development (HUD)

The US Department of Transportation (USDOT) is provided \$102.9 billion in budgetary authority and resources, a \$16.2 billion increase over FY 2021. This includes funds necessary for USDOT to carry out programs authorized under the Bipartisan Infrastructure Law (BIL).

- \$60.7 billion, an \$11.5 billion increase, for Federal Highway Administration (FHWA) activities.
- \$20.54 billion is available for transit program in fiscal year 2022, \$7.5 billion more than fiscal year 2021 (BIL advance appropriations and appropriations dollars for FY 2022).
- Additional \$775 million for multi-model RAISE grants.
- \$1.9 billion for PROTECT program for critical investments in resiliency of transportation systems.

Housing and Homelessness

HUD receives \$65.65 billion, an increase of \$5.32 billion.

- \$280 million to support \$32,800 new incremental Section 8 Housing Choice vouchers to address homelessness.
- \$1.5 billion, an 11 percent increase, for new affordable housing production through the HOME program
- \$1.4 billion for the Housing for the Elderly and persons with disabilities, a 21 percent increase.
- \$3.2 billion, a 16 percent increase, for public housing capital formula funds.
- Homelessness funding includes: \$2.8 billion to fully meet the Continuum of Care program's renewal need, \$290 million for Emergency Solutions Grants, \$107 million for new investments to support homeless youth, \$52 million for new rapid rehousing projects that serve victims and survivors of domestic violence.
- \$4.8 billion for community and economic development (Community Development Block Grant programs), an increase from \$3.75 billion in FY 2021.

PRESIDENT'S FISCAL 2023 BUDGET PROPOSAL

President Joe Biden released his fiscal 2023 budget at the end of March, calling for \$5.8 trillion in federal spending and a \$1.2 trillion deficit. Nondefense funding is increased by 11 percent to a total of \$768.6 billion with funding boosts provided for nearly every agency. Several elements of the President's Build Back Better package that has failed to pass Congress are funded in the proposal, including climate change initiatives that are funded across several agencies. Defense spending is increased by 4 percent.

Department	Fiscal 2021 Enacted	Fiscal 2023 Request	Percentage Change
Agriculture	\$24.4B	\$28.5B	+17.1%
Commerce	8.9	11.7	+31.2
Defense	703.7	773.0	+9.8
Education	73.0	88.3	+20.9
Energy	41.9	48.2	+15.1
Health and Human Services	108.6	138.0	+27.1
Homeland Security	53.8	56.7	+5.4
Housing & Urban Development	59.6	71.9	+20.5
Interior	14.9	17.9	+20.5
Justice	33.5	37.7	+12.5
Labor	12.5	14.6	+17.6
State	57.5	67.6	+17.7
Transportation	25.3	26.8	+6.0
Treasury	13.5	16.2	+19.9
Veterans Affairs	104.5	135.2	+29.4

Source: Bloomberg Government

Note: Increases are compared to the fiscal 2021 spending levels, which agencies were operating under with some adjustments until passage of this month's fiscal 2022 spending law.

Tax increases totaling \$2.5 trillion over the next decade are proposed for corporations and wealthy households to offset spending and deficits.

Proposal	Revenue effect (in billions)
Increase corporate tax rate to 28 percent, from 21 percent	\$1,314.6
Impose 20 percent minimum tax on total income, including unrealized capital gains, of households with more than \$100 million in wealth	\$360.8
Replace base erosion tax with “top-up” rule for low-taxed entities in other countries	\$239.5
Raise top marginal income tax rate to 39.6 percent, from 37 percent, for individuals earning more than \$400,000, or more than \$450,000 for joint filers	\$186.8
Modify capital gains taxes, including increasing rates to align with those for ordinary income for taxpayers with taxable income of more than \$1 million	\$174.5
Repeal various fossil fuel tax incentives	\$45.2
Eliminate carried interest tax break for investment funds, treat as ordinary income	\$6.6

Note: Revenue estimates are from fiscal 2023 through 2032.

Sources: [General Explanation of the Administration’s Fiscal Year 2023 Revenue Proposals](#); [Revenue Estimates of the Administration’s Fiscal Year 2023 Revenue Proposals](#); “[Billionaires, Private Equity Would See Tax Hikes in Biden Plan](#),” Bloomberg News; “[Biden’s Tax Proposals Aim to Align U.S. with Global Changes](#),” Bloomberg Tax

SUPPLEMENTAL COVID RESPONSE FUNDING

An agreement has been announced on a \$10 billion supplemental funding package to fund COVID vaccines and therapeutics. To reach a deal, Democrats dropped a last-minute attempt to include \$5 billion for global vaccination funds in the bill. The bill is less than the \$22.5 billion the President sought last month although lawmakers expect another infusion of money may be needed in the coming months, especially if a new variant of the disease spreads. An outline of the agreement includes:

- \$5 billion to buy COVID-19 therapeutics and antivirals
- \$4.75 billion that could be used for a wider range of purchases, such as COVID tests and vaccines; and
- \$750 million for research projects for future COVID vaccines and therapeutics.

Some Democrats have threatened to vote against the bill without the global COVID funds included.

BELLEVUE FEDERAL RELATIONS ACTIVITIES

Over the last month, Bellevue’s external affairs and policy teams have continued to monitor federal grant opportunities. The Bellevue team has also been focused on the development of a federal legislative agenda for the Council’s review and approval; outlining a federal affairs outreach strategy; and preparation of federal congressional funding requests and gathering community support for these requests.

Below is a chart summarizing Bellevue’s FY 2023 Congressionally Directed Spending requests that are being submitted to the federal delegation.

Project	Amount Requested
Bellevue Police Dept. Camera Program <i>Funds will help Bellevue Police establish a camera program by covering the initial system and infrastructure costs of 200 body-worn cameras.</i>	\$883,486
Cougar Mountain Pump Station <i>The project will improve resiliency of critical water infrastructure by bringing it to current seismic standards to ensure drinking water access for 6,200 customers in south Bellevue and parts of Issaquah and during emergencies such as fire response.</i>	\$2 million
Lake Hills Safety Improvements (156th Avenue SE) <i>Funds will reconstruct two high-collision intersections to improve safety, transit reliability and access to area schools.</i>	\$1 million
Bridle Trails/140th Street Park <i>Funds will construct a new park in the Bridle Trails neighborhood to address the need for park services in this community and protected habitat, helping to achieve the City’s environmental and climate change goals.</i>	\$2 million
Eastside Workforce Development Initiative <i>Funds requested would allow the City of Bellevue to expand its workforce navigator program to the greater East King County area.</i>	\$650,000
Northwest Bellevue Walkways and Safety Improvements <i>Funds will construct an off-street path and sidewalks to improve traffic safety, visibility of people walking in the neighborhood, and create Complete Streets that benefit children walking to local schools.</i>	\$1.2 million
Valley Creek/NE 21st Street Flood Control	\$1 million

<i>Funds will make improvements to mitigate recurrent flooding in an area that supports about 30 businesses, restore habitat and improve infrastructure resiliency.</i>	
BelRed Affordable Housing TOD at 130 th <i>Funding will help to make 150-200 housing units in the BelRed neighborhood affordable to people making between 30-60 percent of the area median income.</i>	\$1 million
Lake Washington Line Management Plan Assessment <i>Funds will support the develop of the assessment needed to identify, prioritize and develop cost estimates to repair and replace the 14-mile Lake Washington Lake Line Sewer system.</i>	\$1 million
Eastside Affordable Housing Energy and Resiliency Retrofits <i>Funds requested will help Bellevue and its partner Eastside cities to expand a pilot program to serve a greater number of low-and-moderate income households reduce their energy cost burden.</i>	\$1.12 million

POLICY & FISCAL IMPACTS

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OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

N/A

AVAILABLE IN COUNCIL LIBRARY

N/A