

CITY COUNCIL STUDY SESSION**Federal Legislative Update**

Joyce Nichols, Director of Intergovernmental Relations, 452-4225

City Manager's Office

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

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BACKGROUND & ANALYSIS**D.C. Big Picture**

As the country nears the November 3 General Election, the political atmosphere in the nation's capital was impacted by the death of US Supreme Court Justice Ruth Bader Ginsberg on September 18. The vacancy on the Supreme Court has roiled the political waters and added another highly charged political issue to the mix. With control of the White House and the Senate hanging in the balance this November, the election is the focus in D.C. and there are still huge matters in play that will require the attention of Congress, including:

- The federal fiscal year ends on September 30 and the federal budget and several other critical federal programs all expire on that date, including:
 - Federal highway and transit program authorizations (FAST Act);
 - National Flood Control Program;
 - Payroll Support Program for aviation workers under the CARES Act; and
 - National Defense Authorization Bill;
- COVID response/stimulus legislation; and
- The vacant seat on the Supreme Court, which President Donald Trump has said he will announce a nominee to the Court by the end of the week.

With so much to accomplish in the next couple weeks, Congress is rushing to strike a deal to temporarily extend the FY 2020 federal budget and, possibly, wrap as many of the other expiring measures into that package as well. The House released a budget extension continuing resolution (CR) that extends current year federal funding to December 11. Additionally, the bill extends the surface transportation authorization (FAST Act) and National Flood Insurance Program for one year. It

also extends funding for the Temporary Assistance for Needy Families (TANF) which provides food stamps, and childcare entitlement to state programs and other expiring health care programs for the length of the CR. What is not included is an extension of CARES Act programs (e.g., payroll support, etc.) and any new agreements for additional federal support for COVID-19 response.

COVID-19 RESPONSE

In March and April, the federal government authorized over \$3 trillion in additional appropriations above budgeted levels in response to the COVID-19 crisis. Three main packages were enacted and two additional packages were approved to extend certain programs and funding. The first two COVID-response bills focused primarily on immediate health care response and community needs. The third bill, The CARES Act, focused more on economic recovery and supplemental funding for a wide range of emergency programs.

- **Public Law 116-123**, enacted on March 6, provided \$8 billion for health and international programs and \$7 billion in small business loans.
- **HR 6201 (Families First Coronavirus Response Act)**, enacted March 19, provided more funding to support health care programs and expanded assistance to address paid leave programs, tax credits, expanded unemployment benefits, nutrition assistance and free testing for the coronavirus.
- **HR 748 (CARES Act)**, enacted on March 27, provided more than \$2 trillion to expand federal assistance directly to individuals, small businesses and businesses significantly impacted by the COVID-19 pandemic. It also included a \$340 billion supplemental appropriation to federal agencies, including for transit programs, community development block grants (CDBG), housing and rental assistance, among others.

Two additional bills were enacted to extend funding and programs approved in the CARES Act.

- **HR 266 (Paycheck Protection Program and Health Care Enhancement Act)**, enacted April 24, provided more than \$480 billion for small business loans, hospitals and coronavirus testing. Its primary objective was to replenish the Paycheck Protection Program with an additional \$320 billion after it ran out of money from the original appropriation in just two weeks.
- **HR 7010**, enacted June 5, amends the Paycheck Protection Program to provide more time and flexibility for businesses to qualify for loan forgiveness and to defer payroll expenses.

In May, the Democrat-controlled House passed a bill focused on advancing its policy priorities for COVID-response. The massive \$3 trillion **Heroes Act (HR 6800)**, would provide a \$1 trillion fund for state and local governments, another round of direct payments to individuals and a long list of additional supplemental appropriation dollars for programs ranging from transit, CDBG, housing, education, higher education, health care and agriculture to tax measures (e.g., expansion of employee tax credits). The bill did not add funds to the Paycheck Protection Program but did extend it to June 30, 2021. The bill was considered “dead-on-arrival” in the Republican-controlled Senate and the White House declaring it too expensive and that it included issues beyond matters related to the COVID-19 response.

Prior to introduction of the Heroes Act, Congress had moved incredibly fast and in a bi-partisan manner to respond directly to the public health and economic crisis caused by the COVID-19 pandemic. Over the summer, however, cooperation came to a halt. Republican and Democratic leaders held fast to the opposing positions laid out over the course of debate over the Heroes Act with Democrats pushing for significantly more funding now, especially for state and local governments, and Republicans taking a “wait and see” approach, insisting it is necessary to see the impact of funds already appropriated before sending out more and raising alarms about the significant growth of the national debt.

During August, talks temporarily resumed between House Speaker Nancy Pelosi (D-CA) and Treasury Secretary Steve Mnuchin and it seemed possible that a compromise on a smaller package could be achieved. With the arrival of September, however, focus shifted to the federal budget and the immediate need to avoid a government shutdown before the end of the federal fiscal year.

There is an outside chance that a budget CR package could still include some additional funding for COVID-19 response (particularly to limited groups such as airline workers). However, a big response/stimulus package before the end of September or maybe even before the November 3 election seems unlikely, especially now that additional attention (and time) will likely be spent on a possible Supreme Court nomination before November. How the US economy continues to perform, and the impact of school openings may be the biggest factors that will influence the willingness and urgency of Congress and the White House to act on any additional COVID-19 response funding before the election.

BUDGET and APPROPRIATIONS

While headlines have focused on federal spending related to the COVID-19 pandemic response spending bills, quiet work has been slowly moving forward on the FY 2021 budget to provide regular funding for the federal government. In February, the President released the Administration’s proposed budget. Over the summer, the House passed all 12 appropriations bills. Several of these bills exceed the spending caps approved in the budget resolution passed last year. House leadership contends the COVID-19 pandemic necessitates additional spending. This, along with several controversial policy riders sets the stage for a FY 2021 spending fight with the Republican-controlled Senate. The Senate has not yet advanced any spending bills.

As noted above, the House released a continuing resolution (CR) to extend current year funding through December 11, to avoid a government shutdown when the fiscal year ends on September 30. It has become the norm to have Congress pass CRs to extend current funding to provide additional time to work out spending agreements. Last year, the federal budget for FY 2020 did not pass until December.

Congress and the Administration have flirted with the idea of an infrastructure package for over two years and the prospects of a major package were very much alive during the spring. Not only does Congress need to reauthorize the FAST Act this year, an infrastructure package was discussed by the

White House and many in the Democratic leadership as a possible part of an economic stimulus package in response to COVID-19's impact on the economy.

INFRASTRUCTURE

In June, the House moved a \$760 billion comprehensive infrastructure package, **The Moving Forward Act (HR 2)**. The package included the transportation reauthorization package passed by the House Transportation and Infrastructure Committee (The Invest in America Act, HR 7095), water resources authorizations, climate change provisions, and broadband provisions, among others.

The House transportation reauthorization package included many programs of particular interest to the City of Bellevue, including commitments to transit services, increasing transportation safety programs such as Complete Streets, combatting climate change, supporting transportation technology investments and smart cities solutions, funding programs for multi-modal systems and transit oriented development, and making more federal transportation funding accessible to local governments. Highlights from the package that address some of Bellevue's transportation priorities include:

- Small-Medium Cities/Local Government Programs – attempts to drive more direct federal funding to small-medium cities addressing the challenge of competing for federal funds against large cities and agencies. Several new programs and program guidelines would be created that are dedicated to small-medium cities and local government entities.
 - Provides almost \$49 billion over five years in dedicated funding to address local transportation needs.
 - Makes reforms to strengthen the state-local relationship, enhance coordination, improve the flow of funds to communities of all sizes, and increase transparency.
 - *Community Transportation Investment Grants* – creates a new discretionary grant with \$600 million per year for local government applicants and includes broad eligibility for highway and transit projects, with project evaluation done in a manner that will create more transparency.
 - *Community Climate Innovation Grants* – proposes \$250 million per year to non-state applicants for highway, transit, and rail projects, provided they reduce greenhouse gasses.
 - *Metro Performance Program* – proposes \$750 million over the life of the bill for funding allocations directly to Metropolitan Planning Organizations (MPOs) such as the Puget Sound Regional Council to carry out projects selected by the MPO. The Secretary of Transportation would select applicants into the program based on their technical capacity to manage federal funds.
- Multi-modal Grants - Active Transportation Connectivity Grants that would provide \$250 million for pedestrian and bicycle networks and related planning, including complete streets programs.
- Transit Management and Support for transit-oriented development:
 - Provides \$100 million in annual grants to tackle street congestion in large cities that slows down buses through support of bus-only lanes and priority signaling. The program is

structured to require a partnership between transit agencies and local/state roadway agencies.

- Strengthens the link between housing density and transit ridership.
 - Creates the Office of Transit-Supportive Communities to coordinate federal incentives to foster the link among federal, state, and local planning policies.
 - Doubles to \$20 million the Transit Oriented Development Planning Grants.
 - Incentivizes affordable housing in the excess property disposition rules and the Capital Investment Grant rating process.
- TIFIA - Further clarifies that the proceeds of a secured loan under TIFIA shall be considered part of the non-federal share of a project under title 23 or chapter 53 of title 49 if the loan is repayable from non-federal funds.
 - Safety – boosts safety investments by over 30 percent and increases the Transportation Alternative Program by more than 60 percent over current law funding.
 - Codifies and expands eligibility to high schools for the safe routes to school program.
 - Codifies Complete Streets planning and design and increases grant funding opportunities, including \$250 million for Active Transportation Connectivity Grants.
 - Community Transportation Investment Grants – creates a new \$600 million per year grant program to support local investments that improve safety and environmental quality via infrastructure investments.

Ultimately, the cost and, more significantly, how to pay for an infrastructure package has continued to elude Congress and the White House and thwart the progress of any package.

Just last week, the House included a one-year extension to the FAST Act in its CR budget proposal. This action signals that it is unlikely there will be further discussion this year on a big infrastructure package. Instead, Congress will now have until September 2021 to work out an agreement to reauthorize transportation programs.

Water Resources

In May, the Senate Energy and Public Works Committee unanimously passed two bills related to the nation's water infrastructure. The first bill, America's Water Infrastructure Act of 2020, is the reauthorization of the Water Resources Development Act (WRDA), which centers mostly on US Army Corps of Engineers projects and policy and would authorize roughly \$17 billion in infrastructure projects. The second bill, the Drinking Water Infrastructure Act of 2020, would reauthorize programs under the Safe Drinking Water Act, including infrastructure that supports and improves drinking water, and provides resources and technical assistance for communities struggling to provide clean water.

The House included similar provisions and policies in its Moving Forward Act (HR 2) and as a separate authorization package. The House WRDA package passed the House in July. Despite strong bi-

partisan support for both the House and Senate packages, it's uncertain if there will be further movement before the end of the year.

POLICE REFORM

After protests erupted in many cities across the country after the death of George Floyd in May, Congress reacted with legislation aimed at police reform. House Democrats and Senate Republicans offered competing proposals to address these issues. Several provisions in the measures would use two Justice Department grant programs (Byrne Grants and COPS Grants) to encourage changes by state, local, and tribal agencies. The bills generally address issues related to police use of force, hiring of officers discharged by other agencies, transfer of surplus military equipment to police departments and the policy of qualified immunity. Thus far, the House and Senate remain far apart on many of these proposals and progress toward legislation is unlikely this year.

POLICY & FISCAL IMPACTS

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OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

N/A

AVAILABLE IN COUNCIL LIBRARY

N/A