

**CITY COUNCIL STUDY SESSION****Federal Legislative Update**

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*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**

NA

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

The last month in our nation's capital was filled with more than the normal share of activity and drama. A flurry of legislative compromises resulted in passage of sweeping, bipartisan legislation to provide funding to deal with the impacts of the COVID-19 pandemic and fund the federal budget through FY 2021 at the end of December. And, a surprising and historic power shift in Georgia that resulted in the U.S. Senate split 50-50 shifting control to the Democrats as Vice President Kamala Harris will vote in the event of a tie. The nation also witnessed in real time the shocking and angry division in our country that led to the assault on the U.S. Capitol on January 6. The attempt to overrun Congress led the House of Representatives to vote a second time to impeach Former President Donald Trump. Through all of this, President Joseph Biden pledged to work to unify the country—a worthy but difficult task to be sure.

With the nation still grappling with the impacts of the COVID-19 pandemic and resulting economic crisis, there is much that will need to be done and much that needs to be repaired by our country's leaders. There will be opportunities to work with our elected leaders as we all engage to build a brighter future.

This report summarizes the enormous consolidated package of federal funding and COVID-relief legislation that was enacted at the end of December to fund the government through FY 2021, pump another round of financial support to the nation still dealing with the COVID-19 pandemic crisis and move numerous other legislative matters. It also previews the Biden Administration and the policy initiatives that will dominate this year for the new President and Congress. Also included is a summary of how the Washington state delegation is well-positioned in the 117th Congress.

## **2020 Year End Funding Package**

After months of discussions, a compromise emerged just as the deadline on federal funding approached, the consolidated omnibus appropriations and COVID #4 response package (HR 133) was agreed to and passed with overwhelming majorities in Congress on December 21.

The massive year-end spending package funds the government through FY 2021, provides \$900 billion in additional COVID-19 relief and advances several other programs ranging from water and energy projects to pipeline and airline safety to national intelligence matters. The measure also includes language that would limit surprise medical bills and expand eligibility for federal student aid, among other higher education policy changes. Below are some highlights of the COVID-19 supplemental funding package and FY 2021 omnibus appropriations package.

### **\$900 Billion COVID-19 Relief Package**

- Unemployment insurance: additional \$300 per week through March 14 and continues the extension of coverage to gig workers and self-employed people.
- Direct payments: \$600 for individuals making up to \$75,000 and \$1,200 for couples making up to \$150,000 and \$600 for each dependent child.
- Paycheck Protection Plan (PPP) loans: an additional \$284 billion for first and second forgivable PPP loans and expanded eligibility to 501(c)(6) organizations.
- EDLI grants: \$20 billion for businesses in low-income communities.
- Grants for venue operations: \$15 billion for independent movie theaters, arts and cultural institutions, among others.
- Coronavirus Relief Fund: extends deadline for expenditures by state and local governments through December 31.
- Transportation: \$15 billion to airlines for payroll reimbursement; \$1 billion for airline contractor payrolls; \$2 billion for airports and airport concessionaires; \$10 billion for state highways; \$14 billion for transit; \$2 billion for private motor coach, school bus, and ferry industries; and, \$1 billion for Amtrak.
- COVID-19 Vaccine: \$69 billion, including \$22 billion in direct aid to states for vaccine testing, tracing and mitigation programs and \$9 billion to the Centers for Disease Control (CDC) and states for vaccine distribution.
- Mental health funding; \$4.5 billion for substance abuse and mental health treatment and prevention, including significant investments in the Mental Health and Substance Abuse Treatment and Prevention block grants. The bill also invests in suicide prevention, Certified Community Behavioral Health Clinics and targets funding to individual behavioral health providers.
- Public health care providers: \$9 billion and more than \$1 billion for the National Institutes of Health (NIH) for COVID research.

- Education: \$82 billion for education support, including a \$4 billion Governor's Emergency Education Relief Fund; \$54.3 billion for an Elementary and Secondary School Emergency Relief Fund; and, \$22.7 billion for higher education.
- Rental assistance: \$25 billion to be distributed by state and local governments and an extension of the existing CDC eviction moratorium through January 31.
- Affordable housing: establishes a 4 percent minimum credit rate for the low-income housing tax credit and extends the New Markets Tax Credit for five years for five years and invests \$5 billion for economically disadvantaged areas.
- Nutrition Assistance: \$13 billion in additional funding for the Supplemental Nutrition Assistance Program (SNAP)—the former food stamp program.
- Childcare: \$10 billion to the childcare sector through the Childcare and Development Block Grant (CCDBG) program and \$250 million for Head Start providers.
- Broadband: \$3.2 billion for a program to assist low-income families getting services; \$250 million for telehealth programs; and, \$65 million to complete the broadband maps. Creates a new \$300 million grant program to fund broadband extensions in rural areas.
- Employee Retention Tax Credit: extended the refundable payroll tax credits for paid sick and family leave through March 31.

#### **FY 2021 Omnibus Appropriations and Discretionary Funding Amounts**

- Agriculture: Food and Drug Administration (FDA) \$23.395 billion, about \$217 million above FY 2020;
- Commerce-Justice-Science: \$71.1 billion, about \$2 billion below FY 2020;
- Defense: \$696 billion, including \$68.7 billion in Overseas Contingency Operations funds, \$2.6 billion higher than FY 2020;
- Energy and Water: \$49.5 billion, a \$1.1 billion decrease below FY 2020;
- Financial Services: \$24.4 billion, a \$281 million increase;
- Homeland Security: \$51.88 billion, \$1.4 billion below FY 2020; and does not include \$17.1 billion in emergency disaster funds;
- Interior-Environment: \$36.1 billion, an increase of \$118 million over FY 2020;
- Labor-HHS-Education: \$197 billion in programmatic funding, a \$2.8 billion increase over FY 2020;
- Legislative Branch: \$5.3 billion, a \$251 million increase over FY 2020;
- Military Construction-VA: \$113.1 billion, an \$8.9 billion increase over FY 2020;
- State and Foreign Operations: \$55.5 billion, including \$8 billion in Overseas Contingency Operations funds, an \$820 million increase over FY 2020; and
- Transportation-Housing and Urban Development (HUD): \$75.4 billion, a \$1.1 billion increase over FY 2020.

#### **Biden Administration Agenda and Outlook**

President Biden and his team have been busy since the election outlining policy priorities and building their administrative team. At the top of Biden's agenda and areas he has pledged to take immediate action within the first days of his administration include:

**COVID-19 pandemic response:** President Biden recently outlined a \$1.9 trillion COVID-19 response plan. He also plans to launch a "100 Day Masking Challenge" and issue executive directives to extend the student loan forbearance and moratorium on evictions and foreclosures beyond January 31. His 10-day plan also includes presidential directives on safely re-opening schools and businesses.

**Economic recovery:** President Biden plans to use investments in climate change and infrastructure to stimulate the economy. His "Build Back Better" plan outlines a \$2 trillion clean energy plan to, "move ambitiously to generate clean, American-made electricity to achieve a carbon pollution-free power sector by 2035," and major investments in a "sustainable" infrastructure package. These plans will face challenges in a divided Congress and compromises will be needed to pass legislation.

**Racial equity:** President Biden is expected to act in response to the Black Lives Matters movement. He is making a strong statement about diversity via his nominees for Cabinet posts and key leadership positions.

**Immigration:** Throughout the campaign, President Biden pledged to overturn the former President's enforcement policies at the and stop funding a wall along the US-Mexico border. He plans to immediately set up a process to reunite migrant children with their parents after being separated at the border. Where possible, he will likely advance these goals by executive order and administrative actions. His more ambitious plan, and one of his likely first acts, will be legislation to overhaul immigration policies and create a path to citizenship for "Dreamers," undocumented immigrants brought to the U.S. as children. This would require the approval of Congress, which hasn't passed a major immigration law since 1986.

**Healthcare:** President Biden will try to undo some of the former President's actions to eliminate Obamacare. He has committed to work to rebuild and expand the program, likely starting with adding funding back to programs defunded by the Trump Administration, such as programs to enroll people in Obamacare, and restoring certain penalties for noncompliance. Efforts to expand the program by lowering the eligibility age for Medicare and creating a "public option" for health care administered by the federal government, will require Congressional approval.

**Taxes:** President Biden plans to raise taxes on corporations and people earning more than \$400,000 per year to finance his domestic agenda. The best chance for a tax increase plan may be via the Congressional budget reconciliation process this Spring or if Democrats increase their majorities in the 2022 mid-term elections.

Nominees for key Administration and Cabinet positions in the Biden Administration have been put forward since the election. Nominees for key domestic Cabinet posts, all of which need to be confirmed by the Senate, are listed below:

Agriculture	Tom Vilsack Former Iowa governor and served as Secretary of Agriculture during President Obama's tenure
Attorney General	Merrick Garland Nominated by President Obama for the Supreme Court but didn't receive a hearing in the Senate
Commerce	Gina Raimondo Governor of Rhode Island
Education	Miguel Cardona Connecticut Education Commissioner, former teacher and school superintendent
Energy	Jennifer Granholm Former Governor and Attorney General of Michigan
Health and Human Services	Xavier Becerra California Attorney General and former Member of Congress
Housing and Urban Development	Marcia Fudge Member of Congress from Ohio and past chair of the Congressional Black Caucus
Interior	Deb Haaland Member of Congress from New Mexico and one of the first two Native American women to serve in Congress
Labor	Marty Walsh Mayor of Boston
Small Business Administration	Isabel Guzman Director of California Office of the Small Business Advocate
Transportation	Pete Buttigieg Former Mayor of South Bend and 2020 Democratic Presidential Primary Candidate
Treasury	Janet Yellen Served as chair of the Federal Reserve from 2014-2018 and former chair of the White House Council of Economic Advisors during the Clinton Administration

## Outlook for the 117th Congress

With the completion and certification of the special run-off election results in Georgia, Democrats will control both chambers of Congress but with narrow margins. The Senate is split 50-50 with Vice-President Harris serving as the tiebreaker, giving control of the chamber to Senator Chuck Schumer (D-NY). House Democrats have a 222-to-211 majority.

The narrow margins in both chambers will require Democratic leaders to seek the middle ground and work out compromises with Republicans to advance major pieces of legislation. This will slow down and temper some of the sweeping changes progressive Democrats and President Biden hope to accomplish unless they can win the middle. Senator Mitch McConnell (R-KY) will continue to lead the Senate Republican caucus and is expected to serve as a counterbalance to some tax and spending proposals.

Areas where there could be enough pressure to force compromises or are considered “must do” items for Congress in 2021 include the following:

**COVID Response:** Responding to the COVID-19 pandemic will remain a priority and some level of additional funding and support will be needed to address the country’s ongoing health care and vaccine needs and economic recovery. Several expiration dates for key pandemic response programs are also approaching that will likely spur Congressional action in the coming months, including unemployment benefits and the Paycheck Protection Program (PPP) which both expire in March.

Earlier this month, President Biden outlined a \$1.9 trillion emergency COVID-19 relief plan—the Biden Build Back Better Plan—that includes funding for vaccines, money for states and localities, \$1,400 per-person payments, extension of employment assistance, an increase in the minimum wage to \$15 per hour and foreclosure and eviction protections.

All indications are that the new President will attempt to work cooperatively with Republicans to pass another COVID-19 response measure as soon as possible. This likely means compromising to include some Republican priorities such as Senator McConnell’s liability protection for businesses and possibly passing a few smaller bills over time versus one large legislative package.

**Infrastructure and Climate:** Momentum is building again for passage of a major federal infrastructure package. The FAST Act authorization for surface transportation programs expires at the end of September and President Biden has proposed investments in infrastructure central to his economic recovery plan. Democratic leaders in Congress have announced they will move forward on an infrastructure plan that will include climate change measures. Very likely they will start with the Moving Forward Act (HR 2) passed by the House last year. Last week, the U.S. Chamber of Commerce and Bipartisan Policy Center launched a “Build by the Fourth of July” campaign, urging Congress to pass an infrastructure package by the Fourth of July. More than 140 organizations, including the American Association of State Highway and Transportation Officials, are supporting the initiative. The possibility of an infrastructure package is tied to whether a compromise can be reached on how to pay for it. That remains a big challenge and will dictate whether there is a package and how big it will be.

**Budget and Taxes:** Congress will need to strike a new budget agreement for annual federal funding for FY 2022. The debt limit will come back into play by the Fall and President Biden and Democrats plan to press for tax increases to help fund and advance their domestic agenda. Democrats in the Senate have signaled that they may use a process called Budget Reconciliation to move certain tax and budget items. “Reconciliation” is a procedure that allows expedited consideration in the Senate of tax, mandatory spending and debt limit legislation. It allows the Senate to advance eligible legislation with only a majority vote—50 plus one—versus requiring 60-plus votes to avoid a filibuster.

Senator Ron Wyden (D-OR), the new Chairman of the Senate Finance Committee and Senator Bernie Sanders (D-VT), the new Chair of the Senate Budget Committee have indicated they will consider using reconciliation as a tool to advance tax, budget and climate change goals. Senate Republicans used reconciliation as the vehicle to move their tax and health care priorities in 2017. It has not been used for domestic discretionary spending bills because the Budget Control Act prohibits the use of reconciliation for anything that will increase the national debt.

**Former President Trump’s Impeachment Moves to the Senate:** After the raid on the U.S. Capitol by supporters of the former president, Congress has taken up impeachment for a second time. The article of impeachment accuses the former president of inciting an insurrection against the government of the United States and, this time, Republicans are not united. The House passed H. Res 24 on January 13 by a vote of 232-197, with 10 Republicans voting with all Democrats in the chamber. Washington Representatives Jaime Herrera-Beutler (R-WA03) and Dan Newhouse (R-WA04) were among the 10 Republicans who joined the Democrats. Senator Mitch McConnell has not stated how he would vote and, according to news sources, has told his Republican colleagues, “they can vote freely” on the upcoming impeachment trial of President Trump.

The timing of a trial in the Senate on the Article of Impeachment passed in the House has not yet been determined. Congressional leaders are juggling several priority measures that could impact the time needed for a Senate impeachment trial, such as another COVID-19 response bill, moving forward with climate change, infrastructure, and hearings on the nominees for key Cabinet positions.

**Washington State Delegation Committee and Leadership Assignments:** Members of the state’s Congressional Delegation are a solid group of experienced and thoughtful leaders. They continue to ascend the ranks in seniority and importance in the nation’s capital and are well positioned to protect and advance the interests and values of our region and state.

With Senate control resting with the Democrats, Senators Patty Murray and Maria Cantwell will chair key committees—Health, Education, Labor and Pensions for Senator Murray and Commerce, Science and Transportation for Senator Cantwell. Senator Murray also remains a top member of the Democratic Leadership as the Assistant Democratic Leader.

Members of the House of Representatives will also hold key leadership and committee posts. A summary of the delegation’s committee and leadership assignments available at this time includes:

Name	District	Committees
Senator Patty Murray		Chair, Senate Committee on Health, Education, Labor, and Pensions and Chair, Appropriations Subcommittee on Labor HHS Budget, Veterans Affairs, and Democratic Leadership - Assistant Democratic Leader
Senator Maria Cantwell		Chair, Senate Committee on Commerce, Science, and Transportation Energy & Natural Resources, Finance, Indian Affairs, Small Business
Representative Suzan DelBene	WA01	Chair, New Democrat Coalition; and Steering and Policy Committee Member
Representative Rick Larsen	WA02	Chair, Transportation Subcommittee on Aviation and Armed Services Committee
Representative Jaime Herrera Beutler	WA03	Ranking Member, Appropriations Subcommittee on Legislative Branch
Representative Dan Newhouse	WA04	Chair, Western Caucus Appropriations, Select Committee on Modernization of Congress
Representative Cathy McMorris Rodgers	WA05	Ranking Member, Energy and Commerce
Representative Derek Kilmer	WA06	Chair, Select Committee on Modernization of Congress, Appropriations-Defense, Interior and Energy and Water Subcommittees



<b>Name</b>	<b>District</b>	<b>Committees</b>
Representative Pramila Jayapal	WA07	Chair, Progressive Caucus; Co-Chair of Women's Working Group on Immigration, Budget, Judiciary and HELP Committees
Representative Kim Schrier	WA08	Energy and Commerce, Agriculture
Representative Adam Smith	WA09	Chair, House Committee on Armed Services
Representative Marilyn Strickland	WA10	Transportation and Infrastructure

#### **POLICY & FISCAL IMPACTS**

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#### **OPTIONS**

N/A

#### **ATTACHMENTS & AVAILABLE DOCUMENTS**

N/A

#### **AVAILABLE IN COUNCIL LIBRARY**

N/A