

February 15, 2021

House Democrats Introduce COVID Aid Legislation

Last week House Democratic committee leaders debuted key components of a \$1.9 trillion COVID aid bill, based on President Biden's American Rescue Plan, addressing the health and economic hardships brought on by the pandemic. The bill covers a raft of topics such as a new national vaccination plan, school reopenings, and long-term pandemic-induced unemployment. Under the complex reconciliation process, the House Budget Committee and full House will soon combine each of these packages into a single bill for passage by the week of February 22nd. After the House finishes its work, the U.S. Senate will take its own pass, applying parliamentary restrictions that may force Democrats to strip out popular provisions like a \$15 minimum wage. Democratic leaders are hopeful the bill will pass both chambers and be signed by President Biden by mid-March.

The emerging plan is the first developed in an entirely Democratic-controlled Washington. Democrats laid the groundwork for a more federalized pandemic response than under the Trump Administration, including a national vaccination and contact tracing plan as well as expanded federal intervention in pandemic-related manufacturing. Democratic leaders are stressing direct aid to working Americans and small businesses rather than large industries, though they did include some support for hard-hit businesses like aviation and restaurants. Below, the Michael Best Strategies team reviews the new draft bill, with an outlook on what may make it into law.

House Education & Labor Committee (Bill Text, Fact Sheet)

What to watch: House Democrats charged ahead with the Raise the Wage Act, a bill to gradually raise the federal minimum wage to \$15 per hour over the next five years. Debate over this provision dragged into the late hours during this week's markup. The Act has a tricky future in the Senate, where parliamentary rules and swing votes from moderate Democrats like Sen. Joe Manchin (D-WV) and Sen. Kyrsten Sinema (D-AZ) could force leaders to drop it.

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The committee also sets up stronger COVID protections at work, directing \$150 million for COVID-focused worker safety programs including \$75 million to the Occupational Safety and Health Administration (OSHA) enforcement arm. This comes as the Biden Administration considers setting new anti-COVID workplace standards.

The House Education and Labor Committee's draft also includes \$130 billion for K-12 elementary and secondary schools to begin reopening, based on science-based cost estimates from the CDC published last December. The draft sets a further \$40 billion for higher education aid, with at least half reserved to helping higher-education students avoid hunger and homelessness. The bill also funnels nearly \$40 billion in direct relief to childcare providers.

Other highlights from the Committee:

- New funding for anti-poverty programs including food aid (\$5 billion for pandemic-specific EBT, \$800 million for aid for new mothers and infants), utility assistance (\$4.5 billion for LIHEAP), and elderly-focused aid via the Older Americans Act.
- Funding for abuse prevention programs focused on children and violence against women.

House Ways & Means Committee (Press release with links to section-by-section summary and bill text)

What to watch: The House Ways and Means Committee's jurisdiction includes nearly half of the whole aid package, spending nearly \$940 billion. The package sets another direct payment of \$1,400 to American households (on top of a \$600 check set to families in December 2020), extends temporary federal unemployment benefits through August 2021 and grows the weekly benefit to \$400, expands lower-income tax credits like the Earned Income and Child Tax Credit for workers and families, reduces healthcare premiums by growing the Affordable Care Act's premium tax credits and subsidizing COBRA health coverage through the end of the fiscal year, and enacts multi-employer pension reform.

Potential flashpoints as the package advances:

- Members of Congress have disagreed on the formula for distributing another round of stimulus checks to households. After much debate, the Committee with the same cutoff by income level as in past aid packages: in other words, individuals earning more than \$75,000 or couples earning more than \$150,000 will not get checks. But, under this new proposal, checks will decrease at a higher rate at higher income levels.
- Some members are also concerned that an expanded Child Tax Credit (\$3,600 per child under the age of 6 and \$3,000 per child ages 6 through 17) won't reach struggling families fast enough. The benefit will be structured as a monthly payment starting in July 2021. Democrats also want to make this expanded Child Tax Credit permanent, but the current version of this package does not.

House Energy & Commerce Committee: (Bill text, Committee memo)

What to watch: The powerful House Energy and Commerce Committee's \$188 billion draft touches focuses heavily on COVID-19 testing and vaccine distribution, Medicaid coverage, and public health investments.

The bill's vaccine component offers \$7.5 billion total for the CDC to "prepare, promote, administer, monitor, and track COVID-19 vaccines." Within this amount: \$1 billion for CDC to strengthen vaccine confidence; \$5.2 billion to HHS to support development and manufacturing of vaccines and therapeutics for COVID; and \$500 million for the FDA to quickly review new COVID vaccines and drugs. Despite offering billions to the CDC, the House Energy and Commerce Committee on February 10 also wrote to these same authorities seeking more details on how exactly the Biden Administration will deliver vaccinations.

On testing, the bill gives \$46 billion to HHS for a national testing and contact tracing plan, including development and procurement of new tests.

The bill requires the low-income Medicaid and Children's Health Insurance Program (CHIP) health coverage program cover COVID vaccines and treatment at no cost until one year after the pandemic ends. The bill also extends Medicaid and CHIP coverage to post-partum women.

Other components of the bill offer \$7.6 billion to HHS to establish a new Public Health Workforce including contact tracers, health workers, and researchers plus more funding for the existing Medical Reserve Corps; a further \$7.6 billion for Community Health Centers (CHCs) now distributing the vaccine; \$1.8 billion to HHS to support the purchase, procurement, or distribution of COVID-19 tests and testing supplies, PPE, and vaccines for individuals in congregate settings; and \$425 million for HHS for costs related to increasing capacity to provide care to children. Yet more benefits to Americans in the bill: utility assistance funding for heat, broadband, drinking water, and wastewater expenses.

House Financial Services Committee (Bill text, Committee memo)

What to watch: The Committee draft largely eschews aid to private industry, in contrast with last spring's CARES Act that set aside billions in Federal Reserve and Treasury lending facilities to support mid-sized and large businesses suffering pandemic-related revenue losses. The Trump Administration closed many of these facilities, including the Main Street Lending Facility targeted at mid-sized businesses, last December. Hard-hit industries, such as commercial real estate, have lobbied for further relief. Two notable business-backing provisions:

- The draft bill continues the CARES Act's Payroll Support Program, run through the Treasury Department, to help major airlines avoid bankruptcy with a further \$15 billion.
- Despite its typical focus on banks and financial institutions, the House Financial Services Committee also oversees the Defense Production Act, a tool the Biden Administration has leaned on to require private firms to ramp up production of pandemic-related supplies like gloves, masks, and vaccines for federal use. The Committee sets aside a further \$10 billion for activities under the DPA.

The Committee also maintains its focus on housing, setting aside \$25 billion in aid to both renters and landlords, plus a combined \$50 billion for homeowner assistance programs to help people stay in their homes during the pandemic.

Chairwoman Maxine Waters (D-CA) and other Committee members are clear they want to do more on pandemic-related aid to Americans. Earlier this month, Chairwoman Waters and Rep. Ayanna Pressley (D-MA) again called for the cancellation of \$50,000 of federal student loan debt per person. But, we note student loan forgiveness is not included in the Committee's proposal.

House Small Business Committee (Bill Text, Section-by-Section)

What to watch: The new House Small Business proposal includes a major victory for the restaurant industry in the Restaurant Revitalization Fund, a \$25 billion fund to support eligible food and drink establishments during the pandemic. Restaurant advocates had sought \$120 billion. Grants may be used for payroll, mortgage, rent, utilities, supplies, food and beverage expenses, paid sick leave, and operational expenses. The program includes several rules designed to focus aid on small-to-mid sized, independent restaurants.

More industry-specific aid: the bill sends an extra \$1.25 billion to the Shuttered Venues Program, created in the December COVID aid package to support closed live entertainment venues.

The Committee's \$50 billion package maintains big bets on the Paycheck Protection Program created in last year's CARES Act, offering low-interest forgivable loans to pandemic-hit small businesses via retail-level banks. Congress and Treasury have already tweaked the PPP many times since its creation, and this bill is no different.

Proposed changes include:

- Adds new categories of non-profit organizations eligible for a PPP loan to include all 501(c) organizations
- Makes larger non-profits eligible for the PPP
- Adds internet-only news publishers as eligible for a PPP, under certain conditions

Elsewhere, the bill funnels an additional \$15 billion to the Targeted Economic Injury Disaster Loan (EIDL) Advance program, which offers \$10,000 grants and low-interest loans to severely-impacted small businesses. Finally, the bill creates a Community Navigator Pilot Program to help business owners access the increasingly-complicated COVID-19 aid landscape.

Oversight & Reform: State and Local Aid: (Bill text, One-pager)

Under a quirk of the reconciliation process, the House Oversight and Reform Committee introduced a state and local direct aid proposal that would typically fall under the House Appropriations Committee's jurisdiction. The package proposes \$350 billion for state, local, and tribal governments reeling from pandemic-related losses of revenue. Funding is allocated in a complex formula based partially on population and shares of unemployed workers. A detailed estimate of funding to local governments from the Committee is here.

The Committee's bill also addresses pandemic-related emergency leave for federal and postal workers, offering up to 600 hours of leave to eligible workers quarantining or ill with COVID, caring for a child whose school or place of care has been closed, or when caring for a family member incapable of self-care whose care provider is unavailable due to COVID. Leave would be available until September 30, 2021 and employees would be required to first use any other paid sick leave when applicable.

House Transportation & Infrastructure (Bill text, Press Release)

What to watch: The T&I Committee's draft aid bill focuses on aid to public spaces like transit agencies (\$30 billion), Amtrak (\$1.5 billion), and airports (\$8 billion, including \$800 million for concessionaires) that have all struggled as Americans stay home during the pandemic. The committee also juices FEMA's Disaster Relief Fund with \$50 billion to support continued National Guard deployments, vaccination efforts, and disinfection in public spaces.

The bill includes some support for select private industry workers, including those in aviation manufacturing (\$3 billion for a temporary Payroll Support Program). The T&I Committee also encouraged counterparts on the House Financial Services Committee (see above) to maintain funding for the airline industry's own Payroll Support Program.

Finally, the bill sends a further \$3 billion to the Department of Commerce's Economic Development Administration (EDA) for grants to state and local governments supporting job training and other development activities. The EDA, once targeted for closure under the Trump Administration, is set for a resurgence as Congress and the Biden Administration pour new resources into the agency.

House Agriculture Committee: (Bill text, Press Release)

What to watch: House Agriculture's bill focuses on nutrition, food purchases, and supply chain, highlighting the federal government's pivotal role in supporting the nation's agriculture industry and rural communities. The bill funds the Food Supply Chain and Agriculture Pandemic Response program at \$4 billion to purchase and distribute food and other commodities to nonprofits, restaurants, and others in need. The same pot of money will support small and mid-sized food processors and distributors during the pandemic.

More food aid in the bill: the legislation extends a previously-enacted 15% Supplemental Nutrition Assistance Program (SNAP) low-income food aid benefit through September 20.

Elsewhere, the bill sets aside \$1 billion to support socially-disadvantaged groups, including the 1890 Land Grant universities and other minority-serving institutions. Chairman David Scott (D-GA) noted these programs are critical to helping minority groups like black farmers overcome historical and systemic inequities in the agriculture industries.

Other support for rural communities in the bill: \$500 million in Community Facility Program funds to help rural hospitals and local communities broaden access to telehealth, healthcare services, COVID-19 vaccines, and food assistance. The Committee's markup of this proposal bill saw some unexpected excitement last week. Members clashed over aid to socially-disadvantaged farmers in the bill, with Rep. Austin Scott (R-GA) arguing the provision didn't adequately protect against abuse and fraud. Rep. Cindy Axne (D-IA) also broke with the committee's Democrats to approve an amendment from Rep. Randy Fenstra (R-IA) to add payments for crop losses due to natural disasters to the bill. Iowa is still recovering from a "derecho" windstorm last August that destroyed much of the state's crops.

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