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**Phase 4 COVID-19 Update – White House and Senate Slowing Down Discussions**

The White House and Senate Republicans continue to prepare for an eventual Phase 4 COVID-19 aid package. White House chief economic advisory Kevin Hassett told the media earlier this week that the odds of a Phase 4 bill “are really close to 100%.” Republicans continue to assemble a list of policy priorities and it appears the focus will be broader economic relief. The positive jobs report earlier this month indicating that perhaps May was the bottom of the labor slump has reinforced a feeling among Republican leaders in the Senate and White House that passing a major Phase 4 COVID-19 bill may not be as urgent.

The Senate is not scheduled to return until July 21, leaving only two weeks to prepare and pass a Phase 4 bill prior to the August recess. However, news from the Federal Reserve suggesting the economic recovery may take longer than a year sent stock markets tumbling. With President Trump often using stock markets as a key economic indicator, a market selloff may result in Republican leaders restarting those discussions sooner.

Republicans are also concerned that a significant amount of the funds appropriated in the CARES Act remain unspent, and many are calling for agencies to spend their dollars quickly. The situation remains fluid, and I will provide additional information as it becomes available.

**Fiscal Year (FY) 2021 Appropriations Update**

With some breathing room on Phase 4 COVID-19 discussions, lawmakers will finally begin deciding how to prioritize the FY 2021 spending bills, which have been sidelined for the most part due to the coronavirus pandemic. The Senate will begin its FY 2021 markups the week of June 22, starting the process first rather than the House. Sources are indicating that Senate subcommittees have also been given the option to skip their markups and go straight to full committee.

The House will begin markups the week of July 6, their latest start since at least 1985, according to legislative records. House lawmakers are still aiming to jump ahead of the Senate and pass most, if not all, of their twelve subcommittee bills before the August recess.

One challenge remaining even though these tentative timelines are in place is the fact that Senate appropriators do not have a bipartisan compromise on the funding allocations, known as 302(b)s, for all 12 subcommittees. As in previous years, concerns remain on the part of Democrats that Republicans may attempt to shift funding to the border wall project, potentially from health, education and other programs. Senate Appropriations Committee Ranking Member Patrick Leahy (D-VT) has said it is possible that Democrats will offer their own 302(b) allocations as an amendment in the full committee markup, as they did last year.

Top Republicans and Democrats in the Senate, as well as House Democrats, agreed earlier in the session to designate billions of dollars for veterans health care as “emergency” so the money doesn’t count toward the \$626.5 billion FY 2021 nondefense appropriations cap. Even with the extra money, nondefense accounts would still be limited to just over a 2 percent boost above the current year, including other cap adjustments.

Any disagreement over spending levels could potentially lead to a repeat of last year, which saw partisan committee votes on the Senate's initial FY 2020 Defense and Homeland Security bills. Two other bills, the Labor-HHS-Education bill, which includes the Social Security Administration's administrative funding, and the Military Construction-VA bill, never even got a vote in committee. Those four bills alone account for about 75 percent of total regular appropriations.

Even if an allocation deal is reached between Senate Republicans and Democrats, it is still possible FY 2021 spending bills will not be considered on the floor. As of now, Senate Majority Leader Mitch McConnell (R-KY) hasn't said he plans to set aside any floor time.

Another consideration is the fact that House Labor-HHS-Education Subcommittee Chairwoman Rosa DeLauro (D-CT) may create a spending cap exemption for health care agencies such as the Centers for Disease Control and Prevention (CDC). Chairwoman DeLauro has indicated she is exploring "an emergency designation for certain programs considering the pandemic." Senate Labor-HHS-Education Subcommittee Chairman Roy Blunt (R-MO) has not indicated support, at least for now, for that type of proposal. Given the challenges SSA's administrative funding faces every year in this subcommittee any compromise the chambers could reach freeing up additional funds would be welcome news.

Another emerging factor relative to the FY 2021 appropriations landscape is the current police brutality debate. Any resulting policing overhaul measures and funding for law enforcement in general could also factor into the FY 2021 appropriations process.

Along with all of these factors, the reality is that the track record for getting appropriations done in election years isn't great. It is likely that we will see at least one continuing resolution (CR) to provide funding for the federal government until after the November elections. We will continue to communicate with the Hill and others on SSA's FY 2021 resource needs and provide updates.

### **NCSSMA Twitter Account**

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