

Washington Watch

Is more Coronavirus aid coming from Congress?

By Leslie Mozingo, Strategics Consulting



In March, during the National Association of Counties Conference in Washington, DC, there was talk about the coronavirus, but no one knew how dramatically life would change in just a matter of days. Now Congress is trying to negotiate a fifth federal relief package to help the nation respond to the pandemic, with the previous four packages spending trillions of dollars to prop up the economy; help businesses, the unemployed and families; support healthcare workers and hospitals; and more.

According to the Congressional Budget Office (CBO), the pandemic spending will raise the U.S. federal budget deficit to a record \$3.3 trillion this fiscal year. In 2019 the gap was \$984 billion. The projected deficit for this year would equal 16% of gross domestic product (GDP), up from 4.6% in 2019 and the largest since World War II. A rapidly growing deficit means more U.S. borrowing. CBO projects the total U.S. debt will reach or exceed the size of the entire country's economy (i.e. 100% of U.S. GDP) in the federal fiscal year that begins October 1, 2020. At the end of this federal fiscal year, the budget office predicts total debt held by the public will be an estimated \$20.3 trillion. By comparison, the total GDP is projected to be just over \$20.6 trillion for the fiscal year.

This is not to say that the spending was not

desperately needed during the pandemic crisis, but instead only to recognize that it comes with an impact. Even longtime champions of fiscal restraint are urging Congress to keep borrowing at this time in order to help people and businesses survive. Many budget hawks are joining economists in the calls for more spending to assist with economic security, drive consumer spending and hasten the recovery from the coronavirus pandemic. For example, the Committee for a Responsible Federal Budget in Washington, which has pushed lawmakers for years to take steps to reduce deficits and debt, is now urging lawmakers to keep borrowing to hasten recovery. Its president, Maya MacGuineas put it this way, "We should think and worry about the deficit an awful lot, and we should proceed to make it larger."

It is yet to be seen whether Congress will be able to reach agreement on another COVID-19 federal relief package before the end of the calendar year. Senate Majority Leader Mitch McConnell (R-KY) stated before the August recess that this will be the last package before the November elections, but recently expressed doubts about whether Congress can get a deal done. The Trump Administration is pushing for a quick, targeted stimulus and has charged negotiators -- White House Chief of Staff, and former North Carolina Congressman, Mark

Meadows and U.S. Treasury Secretary Steven Mnuchin -- with not exceeding \$1 trillion in aide. The House-passed bill, known as the HEROES Act, has a price tag of \$3.2 trillion.

When Secretary Mnuchin testified to Congress in August, he reported that the economy is recovering but parts of the U.S. economy urgently need additional fiscal stimulus to fully rebound from the COVID-19 crisis. He said he was open to reaching agreement for a package and reiterated his support for two of Democrats' top priorities in negotiations: enhanced benefits for the unemployed and additional money for revenue-constrained state and local governments, albeit at lower levels than the \$915 billion that Democrats support. The call he had that same day with House Speaker Nancy Pelosi (D-CA), however, yielded no results. Senate Republicans then decided to take their newest version of a relief bill to the floor for a vote with expectation that without Senate Democrats they could not reach the necessary 60 votes. On September 10, the Senate voted 52-74 to end debate on the newest Republican relief package, falling short of the 60 votes needed. One of the main reasons for Democrat opposition is that the Republican-sponsored bill did not include aid for state and local governments.

The measure, referred to as a "skinny" or "targeted" version, would cost \$500 billion. The

initial GOP bill known as the HEALS Act had a total cost estimated at \$1.1 trillion. The new version would provide funding to help colleges and schools resume classes, a second round of Paycheck Protection Program loans to small businesses, assistance for unemployed workers, and expanded COVID-19 testing and childcare assistance. The new, "skinny" version would also include language to protect colleges, schools, religious and nonprofit organizations, and businesses from coronavirus-related lawsuits. The legislation did not include a second round of \$1,200 direct payments like the ones included in the CARES Act from late March, and which was provided in both the HEROES Act and the HEALS Act.

These provisions may be the starting point for future negotiations, but Congress will be out of session beginning early October until mid-November. Therefore, lawmakers would have to be called back to Washington specifically to vote on a COVID-19 package if a deal can be reached.

Meanwhile, rules and guidance on how to properly spend these new forms of federal funding is still being released, too. For example, on August 27, the U.S. Department of Housing and Urban Development [released Frequently Asked Questions \(FAQs\)](#) on the CARES Act funding for the Community Development Block Grant Coronavirus Funding (CDBG-CV). [The FAQs for CARES Act funding for state and local governments](#) through the Coronavirus Relief Fund (CRF) is also updated regularly. In North Carolina, a majority of the CRF was provided to the State, which then was distributed in part to counties with requirements for sharing some of that funding with their cities. **CQ**

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