

HELP IS ON THE WAY: BUDGET RECONCILIATION MOVES THE AMERICAN RESCUE PLAN FORWARD

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It has been roughly one year since the first COVID-19 case was diagnosed in the United States. Our nation is struggling to endure the unrelenting devastation spawned by the pandemic and corresponding economic fallout. The need for bold, compassionate, and aggressive action remains unparalleled and undeniable.

THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2021 PAVED THE WAY FOR THE AMERICAN RESCUE PLAN

The 2021 budget resolution (S. Con. Res. 5) laid the groundwork for bold action by providing the option of using the budget reconciliation process to deliver crucial relief to the American people and achieve the goals of President Biden's American Rescue Plan. This reconciliation bill is the next step toward implementing the plan. The resolution's budget reconciliation framework sets a budgetary target of up to \$1.9 trillion – the estimated cost of President Biden's American Rescue Plan.

Budget reconciliation has been used by Democrats and Republicans over the past four decades for a variety of purposes, including reducing the deficit, expanding access to health coverage, restricting eligibility and benefits in safety-net programs, and handing out deficit-increasing GOP tax cuts heavily weighted to the wealthy. There is nothing inherently partisan about using budget reconciliation to move legislation forward. Many past budget reconciliation bills had bipartisan support; some did not. Using the reconciliation process does not preclude reaching a bipartisan agreement on a COVID-19 relief package, but it doesn't require it either. This process can help ensure that Congress can move forward and meet the country's needs. Without reconciliation, the bold action outlined by the President could languish indefinitely in the Senate, putting the health and well-being of millions of American families at risk. This is not an acceptable option.

Congress must act expeditiously to enact the American Rescue Plan Act and help workers, families, communities, and small businesses survive these crises.

LIVES AND LIVELIHOODS ARE AT STAKE

The coronavirus pandemic and economic crisis are destroying lives and livelihoods across the country. Tens of millions of Americans have been infected and nearly half a million have died – with almost one-fifth of deaths occurring last month alone. Our economy has faced lows unseen since the Great Depression. And our most vulnerable communities are forced to bear the brunt of these twin crises as underlying health and economic inequities grow worse.

This recovery is sputtering, painful, and the most unequal on record. Already, there are two stories of recovery in America right now as underlying racial, wealth, social, and gender disparities are exacerbated by the pandemic, increasing the divergence between wealthier and poorer Americans. In fact, workers making over \$60,000 a year have seen their employment rates increase by nearly 3 percent since February 2020, while employment rates for workers making less than \$27,000 have decreased by more than 20 percent. The American people cannot afford any more delays. Millions of Americans remain out of work, forced to leave their careers as entire industries crumble. Women – especially mothers and women of color – are exiting the workforce at alarming rates, eight out of ten minority-owned businesses are on the brink of closure, and without intervention, vital unemployment benefits are set to expire for more than 11.4 million workers in just a few short weeks.

In homes across America, food insecurity is climbing. Nearly 24 million Americans are going hungry, and as many as 12 million children live in a household without enough food. Widespread school closures threaten to derail our children's education, with students of color experiencing learning loss at a higher rate than their white peers. And 30 to 40 million Americans are living under the threat of eviction because they cannot afford to pay their rent.

The public health and economic crises are inextricably tied. We cannot rescue our economy without first containing the virus. Congress passed bipartisan legislation that provided help. But these short-term measures have not been enough to respond to a pandemic that has been ongoing for a year. Additional humanitarian relief and economic support are needed, and the American people cannot afford delay. Absent additional government assistance, the economic and public health crises will worsen in the months ahead; schools will not be able to safely reopen; vaccination rates will remain far too low; and more Americans will needlessly suffer.

THE AMERICAN RESCUE PLAN ACT OF 2021

President Biden's American Rescue Plan takes a multipronged approach to tackle the public health and economic crises resulting from the COVID-19 pandemic. This ambitious \$1.9 trillion plan provides the resources needed to change the direction of the pandemic and spur an inclusive and strong economic recovery. With the American Rescue Plan Act, we will:

Beat the virus and safely reopen schools. The plan will mount a national vaccination program that includes setting up community vaccination sites nationwide. It will also take complementary measures to combat the virus, including scaling up testing and tracing, addressing shortages of personal protective equipment and other critical supplies, investing in high-quality treatments, and addressing health care disparities. The plan will also make the investments necessary to safely reopen schools.

Deliver immediate relief to working families bearing the brunt of the crisis. The plan will increase direct assistance to households in need across America by \$1,400 per person, bringing the total (including the \$600 down payment enacted in December) to \$2,000. The plan will also provide direct housing and nutrition assistance to families struggling to get by, expand access to safe and reliable child care and affordable health care, extend and expand unemployment insurance so American workers can pay their bills, and give families with children as well as childless workers a boost through enhanced tax credits. The plan will also give 27 million workers a raise by increasing the federal minimum wage. These measures will not only ensure working families can make ends meet now but will also help to generate an inclusive economic recovery, rather than a recovery that leaves behind millions of Americans.

Support communities struggling with the economic fallout. The plan will provide crucial support for the hardest-hit small businesses, especially those owned by entrepreneurs who have experienced systemic discrimination, with Economic Injury Disaster Loan (EIDL) grants, expanded Paycheck Protection Program (PPP) eligibility, and more. The plan also provides crucial resources to protect the jobs of first responders, frontline public health workers, teachers, transit workers, and other essential workers that all Americans depend on.

House Democrats are working diligently to pass the American Rescue Plan and deliver vital COVID relief, with the understanding that this legislation must be signed into law before lifeline unemployment benefits expire. To that end, nine Committees of Jurisdiction marked up the Biden American Rescue Plan last week and transmitted their recommendations to the House Budget Committee, which are summarized below.

- **The Agriculture Committee:** Provisions help families put food on the table by extending enhanced SNAP benefits, providing funds to alleviate backlogs and respond to pandemic impacts in our food supply chains, and supporting debt relief and other financial and technical assistance to Black farmers and other farmers of color.
- **The Education Committee:** Provides critical funding to help K-12 schools safely reopen and address lost time in the classroom, as well as provisions to increase workers' income by raising the federal minimum wage and expanding grants to make child care safer and more affordable for families.

- **The Energy and Commerce Committee:** Provisions provide critical funding and resources to increase COVID-19 vaccinations across the country and to test, treat and protect all Americans, including communities of color.
- **The Financial Services Committee:** Provisions include funds to protect renters and homeowners, prevent homelessness, and procure essential medical supplies and equipment through the Defense Production Act.
- **The Committee on Oversight and Reform:** Provisions provide urgent funding to help communities across the country battle the coronavirus, restore critical services to struggling families, and help save the jobs of our heroes – health care workers, first responders, sanitation and transportation workers, and teachers – in states, localities, tribes, and territories.
- **The Small Business Committee:** Provisions help small businesses get back on track with additional funding for EIDL and restaurant grants, expanded PPP eligibility for nonprofits, and support for shuttered and struggling live venues.
- **The Veterans' Affairs Committee:** Provisions will provide critical funds to help the VA meet the health and economic needs of our nation's veterans, including funds to waive copays for treatment and help the VA reduce claims and appeals backlogs caused by COVID.
- **The Transportation and Infrastructure Committee:** Provisions provide key funding for transit, airports, and FEMA's disaster relief fund that help put people back to work.
- **The Ways and Means Committee:** Provisions include additional direct payments, extended pandemic-related unemployment benefits, financial assistance for individuals to retain health coverage through the Affordable Care Act, and funding for enhancements to refundable tax credits - like the Child Tax Credit and the Earned Income Tax Credit - designed to help low-income Americans and combat child poverty.

WEAK SUPPORT WILL SOW A WEAK RECOVERY

Responses to past crises have made it clear that doing too little will cost us far more. Recessions can lead to permanent economic losses and reduced opportunity, and our economy still bears scars from insufficient support during the Great Recession. The relief Congress has provided to date has been instrumental in staving off an even more destructive downturn. However, because of the one-two punch of an economic crisis fueled by a health crisis, more must be done to safeguard Americans' health and economic security through this prolonged downturn. Our nation and our economy cannot wait for the aggressive, bold relief included in the American Rescue Plan Act.

Without the American Rescue Plan Act, CBO estimates real GDP will not recover to its pre-pandemic projection until 2025. That is four years of the economy operating below its potential, and years of needless human suffering. The American Rescue Plan Act will get the economy back on track much faster, with real GDP reaching CBO's pre-pandemic projection by the end of this year.

Far too many Americans are finding themselves out of work through no fault of their own. Many are being forced to choose between their health and a paycheck. Not only does prolonged unemployment lead to lost income, it has consequences for mental and physical health. Without the American Rescue Plan Act, CBO estimates it will take at least three years before employment returns to pre-pandemic levels. But with this vital support, economists estimate that we can bring the economy back to near full employment in a little over 12 months.

WE MUST LEARN FROM PAST CRISES AND PAST MISTAKES

Unfounded fears of the federal debt, rather than any real economic constraint, hobbled the response to the Great Recession from the outset, producing a fiscal response that was too small and was withdrawn too soon to fully match the depth of the downturn. As a result, the U.S. economy experienced a slow and painful recovery, and it took nearly a decade for unemployment rates to recover. Years of forced austerity and chronic underinvestment in public health, infrastructure, education, and more have left the United States less safe, less resilient, and less able to effectively respond to crises – a reality the pandemic has magnified.

Fortunately, economists across the ideological spectrum agree that the United States has ample fiscal space to provide the resources necessary to end the pandemic, mitigate its economic damage, and rebuild a stronger and more equitable economy. Interest rates and inflation are at historic lows – lower today than before the pandemic – and consequently, returns on smart investments in the economy have never been higher. In fact, economists warn that *failing* to deliver the relief in the American Rescue Plan Act and squandering this opportunity will lead to a weak, prolonged, and unequal recovery, posing more severe risks to our economic and budget outlooks than any deficits we might incur.

The quicker we act the more lives can be saved and the faster our economy will recover. Multiple variant strains of the novel coronavirus are now infecting Americans across the United States, and our vaccine rollout and efforts to contain the virus are in desperate need of resources. We are in a race against time, and aggressive, bold action is needed before our communities are permanently scarred by the human and economic costs of inaction.

This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.