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FEW Washington Legislative Update
December 16-31, 2021

In Congress

Sen. Joe Manchin (W.Va.) stunned fellow Democrats on Sunday December 16, by announcing he would not vote for President Biden's ambitious climate and social spending bill, which his allies saw as the crowning legislative achievement of the president's first term.

Sen. Joe Manchin (D-W.Va.) reportedly told the White House last week that he was open to backing some version of a billionaire tax as part of the party's social spending and climate package before effectively tanking the Democrats' chances of passing the legislation by announcing that he would not support the effort.

Manchin's warning on December 19th that the Build Back Better bill would fuel inflation and risk American energy independence means that Democrats may have to narrow their focus to only a few priorities, such as the expanded child tax credit, and dramatically pare back spending and incentives for green energy.

Senate Republicans have introduced a formal resolution of disapproval intending to nullify President Biden's vaccine mandate for health care workers. The resolution, led by GOP Sens. Marsha Blackburn (Tenn.) and Roger Marshall (Kan.), comes after Republicans earlier this month were successful in passing a similar one against the administration's vaccine-or-test mandate for large employers.

Senators voted 52-48 on that resolution, which needed a simple majority to be approved. Democratic Sens. Jon Tester (Mont.) and Joe Manchin(W.Va.) voted with Republicans.

A group of Republican lawmakers are backing 35 Navy service members who are suing the Pentagon and Navy over the military's coronavirus vaccine mandate.
The group of 47 lawmakers — 38 House Republicans and nine GOP senators — filed an amicus brief in a Texas federal court supporting the lawsuit, which seeks to enjoin the Pentagon from enforcing the mandate because it violates religious freedoms.
The House cleared legislation early Wednesday December 15, morning to raise the debt limit through next year's midterm elections, staving off an unprecedented federal default just in time for the deadline set by the Treasury Department. The bill, which lawmakers passed 221-209, with one Republican voting yes, raises the federal debt ceiling by $2.5 trillion to increase the limit to close to $31 trillion.
Sourced from The Hill.

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Tier I

Paid Family Leave:

Hopes for a federal paid family and medical leave program have dimmed after Sen. Joe Manchin, D-W.Va., vowed to vote against the Build Back Better package that would include the change. On Fox News on December 16th, Manchin said he is opposed to the legislation in its current form.

Among the proposals in the sweeping $1.75 trillion package are plans to give workers four weeks of paid leave if they have a new child, need to take care of a loved one or tend to their own medical needs.

Manchin has not expressed support for the paid leave proposal due to concerns about the costs creating a new federal program would entail. The Congressional Budget Office estimates the four-week paid leave proposal would cost around $205 billion over 10 years.

"Sen. Manchin has expressed support for a paid leave program that has a dedicated, sustainable funding mechanism," Sam Runyon, Manchin's communications director, said in a statement.

Paid Leave for All said the leave plan would save jobs and lives and could help provide West Virginians with $79 million more in their paychecks each year.
Paid leave has gained momentum with some Senate lawmakers in recent weeks, with Senate Majority Leader Chuck Schumer, D-N.Y., pledging his support for the issue.

The issue has largely not been addressed by Congress since the Family and Medical Leave Act of 1993, which allows qualifying workers to take unpaid leave for family or medical reasons. Yet not all workers are covered by the policy.

“It would be truly devastating to not see something get done,” said Adrienne Schweer, a fellow for the Bipartisan Policy Center, which has evaluated how lawmakers could potentially compromise on paid leave rather than have an all-or-nothing scenario.

Congressional leaders say the new level will allow the nation to continue to meet its financial obligations through 2022 and into 2023. The debt limit hike does not authorize new spending – a message Democrats sought to underscore during debate ahead of the vote amid attacks from Republicans.

The U.S. is one of the few developed countries without a national paid leave program. While the initiative has been susceptible to getting cut from the package, and even was temporarily dropped from an earlier House version, it was ultimately included in the measure passed by that chamber.

Sourced from CNBC

Child Tax Credit:

Progressives initially pushed a $6 trillion measure before falling back to $3.5 trillion — in part to signal that the cut represented a concession on their party.

The lower figure also proved too high for Manchin and fellow centrist Democratic Sen. Kyrsten Sinema (D-Ariz.), however, and the House ultimately passed a roughly $2 trillion version of Biden’s spending plan in November, which had a number of key provisions that were temporary. For example, the bill included provisions to extend the increased child tax credit amount for one year, and to create a universal preschool program for six years.

The expanded child tax credit could prove to be challenging to include in a compromise with Manchin. The West Virginia senator has expressed a desire for the income limits for the credit to be lowered and for there to be work requirements associated with the credit.

The Washington Post on December 17, reported that Manchin had provided the White House last week with a $1.8 trillion proposal that included universal preschool for 10

years, Obama Care expansion and climate spending, but not the expanded child tax credit. Neither Manchin's office nor the White House have publicly confirmed the report. Final negotiations over the Build Back Better Act hit a near-fatal roadblock, with Sen. Joe Manchin (D-WV) declaring that he could not vote for the bill. But the senator's proclamation could be the smelling salt Democrats need to finally hear what he has been saying for months about the legislation's price tag, its scope, and particularly its Child Tax Credit (CTC) changes that would extend temporary expansions implemented earlier this year under the American Rescue Plan.

In particular, the senator has repeatedly taken issue with the proposed straight extension of the expanded credit, including severing its connection to work, its lack of targeting, and its well-over $1 trillion price tag over the next decade.
The CTC has historically been a hallmark of bipartisan success, assisting families with the cost of raising children and providing adequate resources for healthy development. Established in 1997 under President Clinton, it was subsequently expanded under each president since.

Indeed, President Biden temporarily augmented the CTC for 2021 by providing the full credit to households with little or no earnings, boosting the maximum credit for most families to $3,000 per child (and $3,600 for children aged five or younger), and providing a portion of this year's credit monthly instead of holding the full amount until tax filing season. Absent action from Congress, parents will see these additional provisions disappear in January.

Shortcomings of the CTC
It is argued that the credit is poorly targeted, with married households who earn $400,000 a year still receiving $2,000 per child. Experts say Biden's ill-advised tax pledge to hold harmless the 98 percent of households making under $400,000 should not prevent policymakers from striking a deal. Experts also advise that Democrats should at least lower the CTC phase-out thresholds to $150,000 for single parents and $200,000 for couples.

Democrats could further offset costs by aligning with Republicans to permanently curtail the dependent exemption, which will reappear in 2025 when the Tax Cuts and Jobs Act of 2017 provisions expire.

Another shortcoming of the CTC according to policy analysts is that it has traditionally provided little or no support to those families most in need. Prior to this year, it had not been available to the millions of households with children but without earnings, and only $1,400 of the full $2,000 per-child credit was available to households without federal

income tax liability (which could, for example, include a single mother earning minimum wage).

Congress can reach a compromise by designing a CTC that replaces its refundability cap with a nearly universal monthly allowance — a portion fully available regardless of earnings — and an additional monetary incentive for labor force participation. This is important because, as evidenced by the Earned Income Tax Credit, rewarding work is a powerful tool that can support low-income families' finances:
Nearly half of the EITC's poverty alleviation comes from drawing people into the workforce and encouraging workers to increase their hours, building not only their long-term earning potential but also immediate financial support to help their children escape poverty.
Sourced from The Hill

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Tier II

Highlights of 2021 for Federal Employees;

Three vaccines saw widespread use this year to combat the spread of COVID-19. The Biden administration went from encouraging their use to requiring it for federal employees, and it was met with strong opinions on both sides.

Initially, federal employees had until November 22, 2021 to get fully vaccinated, but then the administration announced it was delaying full enforcement of more harsh penalties for not getting vaccinated until after the first of the year.

The White House also released data earlier this month indicating that over 92 percent of federal employees had received at least one dose of a COVID vaccine.

2.7 Percent Pay Raise in 2022

The process for arriving at a pay raise for 2022 went through its usual twists and turns as the political process unfolded throughout the year.

President Biden proposed a 2.7 percent pay raise back in May, and that is ultimately what federal employees will get next year per the Executive Order issued last week (December 12). (To see how the 2022 federal pay raise will be applied for each of the locality areas, see *Using the Locality Pay System to Your Financial Advantage*).

One thing that is different this year is that the federal government is operating under a continuing resolution until February, so it is theoretically possible that Congress might alter the pay raise amount in some way if or when it passes final appropriations legislation, but this seems less likely now that the president has issued the December Executive Order.

Largest COLA in 40 Years

Inflation has risen steadily throughout 2021 which has driven up prices on everything from cars to milk, but perhaps some good news to come from that is that federal retirees will get the largest cost of living adjustment (COLA) in their monthly annuity payments since the early 1980s in 2022 Next year's COLA will be 5.9 percent and will show up in eligible retirees' checks in January.

Federal Employees Got a New Paid Holiday

Over the summer, Congress passed legislation that created a new federal holiday: Juneteenth. It was passed and signed into law just before the actual holiday, and the Office of Personnel Management issued guidance in time to give federal employees the holiday pay.

With the passage of the new Juneteenth holiday, federal employees now have 11 paid holidays each year, and there are some years when there are 12 with Inauguration Day for DC area federal employees. There also are some occasional unexpected extra holidays, one of the most common being when a president gives an extra day off around Christmas.

More Federal Employees are TSP Millionaires Than Ever Before

The bull market in stocks has continued to roar in 2021, and federal employees who are invested for the long haul are reaping the benefits.

The last TSP millionaires report shows that there were 98,523 federal employees who had at least $1 million or more in their TSP accounts as of the end of the third quarter in 2021. Odds are this number will be even higher when the new data on Q4 become available. We will report that information as soon as we know it.

More Telework

One trend that came about from COVID is that more and more Americans are working out of their homes rather than a traditional office setting. Federal employees have been no exception, and as of the time of this writing, the Office of Personnel Management notes that maximum telework flexibilities are still in place on its operating status page.

The Biden administration has also been a proponent of telework, and OPM issued updated telework guidance earlier this year in which it encouraged agencies to continue using this option.

OPM stated in its new guidance:

We know the benefits of telework for organizations and employers. A robust and well-practiced telework program improves employee performance and engagement and supports mission productivity and efficiency. Telework can serve as a critical workplace flexibility that enables agencies to meet mission-critical needs of the organization. And it can help Federal workers balance work and personal responsibilities and make use of beneficial work environments, thereby enhancing employee satisfaction and wellbeing, aiding retention, and serving as a draw to potential applicants.

Big Changes in Federal Labor Relations

With the change in administrations after the 2020 election, federal labor relations saw some significant changes.

Much of the changes early in the year were Executive Orders from President Biden that undid some of the policies of the Trump administration regarding federal employee unions and labor relations.

Schedule F, a change proposed during the Trump administration that would have created a new class of federal employees not subject to the civil service procedures applicable to most federal employees, was revoked.

In addition to revoking Schedule F, this Executive Order revoked three other Executive Orders issued by President Trump that placed greater restrictions on federal employee unions, decreased the amount of subsidies given to federal employee unions from the federal government, and made it easier to fire federal employees for performance reasons. Sourced from *FedSmith*

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Reauthorizing the Violence Against Women Act:

A bipartisan group of senators announced on Thursday that they had reached a deal on a framework to reauthorize the Violence Against Women Act (VAWA).

"After nearly three years of negotiations, we have reached an agreement on a bipartisan framework to strengthen, modernize and reauthorize the Violence Against Women Act. This important legislation will help prevent violence, support survivors and hold perpetrators accountable for their violent actions," Sens. Dianne Feinstein (D-Calif.), Joni Ernst (R-Iowa), Dick Durbin (D-Ill.) and Lisa Murkowski (R-Alaska) said in a joint statement.

The four senators said they were "committed to introducing" the reauthorization in January.

Among the moves that the reauthorization includes are measures improving the response to sexual violence, supporting funding for legal services and trauma-informed law enforcement responses, boosting efforts around rape prevention and education and widening survivors' access to emergency housing.

The House passed a reauthorization of VAWA in March, but it has since languished in the Senate.

Online dating services including OkCupid, Tinder and Match initiated a campaign last month urging their users to ask senators to renew the legislation.

"Violence against women is a major public health issue and violation of human rights that needs to be acknowledged and must be urgently addressed if we truly want a more equitable society," the groups wrote in a statement.

Sourced from The Hill

FEW receives information from the following sources and contacts: Federal News Network, Reuters, The Hill, GovernmentExecutive, The New York Times, The Washington Post, CNN, FedWeek, FedSmith and CNBC.