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Transportation Secretary Rules Out Gas Tax Increase

U.S. Transportation Secretary Pete Buttigieg said that President Biden opposes raising the federal gasoline tax, because it would violate his pledge to not raise taxes on middle-class Americans. Per Secretary Buttigieg, "the President made a commitment that this administration will not raise taxes on people making less than $400,000 a year and so that rules out approaches like the old-fashioned gas tax."

No doubt, Congress and the Department of Transportation are gearing up for a debate about rebuilding the nation's roads and other infrastructure, one that is likely to center on how to pay for a Biden administration proposal that is expected to cost as much as $2 trillion. Receipts from the gas tax have been falling for years as cars become more fuel efficient, a problem the Biden administration's push for electric cars is likely to accelerate. The gas tax, currently 18.4 cents per gallon, has not been increased by lawmakers since 1993. Congress has relied on transfers from other areas of the budget to close a gap in highway funding of as much as $16 billion a year.

COVID-19 Stimulus Update

The House voted 219-212 to pass President Biden's $1.9 trillion COVID-19 relief package last week, making it the sixth COVID-19 relief package the House has passed. The Senate began their debate on the package on Wednesday, with Senate Democrats hoping to pass the package this week. The House is expected to consider the Senate's revised bill next week.

Currently, the Senate is drafting a package of amendments and working out disagreements over the size and duration of expanded unemployment benefits, which currently stand at $400 per week until the end of August. Sen. Joe Manchin (D-WV) has pushed to lower the benefit to $300, but most Democrats appeared to favor holding the line at $400. Senators are also discussing whether tax rebate checks should be targeted more narrowly to lower-income households and looking at the formula for distributing state and local aid.

Two infrastructure provisions in the House-passed package that drew criticism from Republicans will be stripped from the Senate version of the bill: the $100 million for a Silicon Valley transit project for a light rail and subway line to downtown Santa Clara and San Jose, and the $1.5 million appropriation to replace toll revenue losses for a bridge that carries substantial border traffic between upstate New York and Canada. Republicans cited those projects in recent days as examples of wasteful spending that have little to do with pandemic relief.

Pension Funding Included in COVID-19 Stimulus Package

The Senate's parliamentarian said funding to shore up failing union pension plans and to subsidize health insurance for jobless workers does not violate the "Byrd rule," which limits what can be considered under budget reconciliation procedures. The rule requires provisions to have a direct budgetary impact, and the deficit impact cannot be considered "merely incidental" to what is a broader policy change.

The pension measure, which would cost about $82 billion over a decade, would provide a financial lifeline to multiemployer pension plans that risk insolvency. The Congressional Budget Office (CBO) said the new "special financial assistance" program would benefit on average about 185 pension plans enabling them to pay full benefits for about three decades. The second provision would provide subsidies to make health insurance more affordable under COBRA, which offers continuing employer-sponsored coverage after workers leave their jobs. Per the CBO, the measure would fund 85 percent of workers' premiums through September at a net cost of about $7.8 billion over a decade and estimated that 2.2 million individuals would obtain COBRA coverage as a result, on a full-year equivalent basis, with 600,000 of those likely to have been uninsured otherwise.

Department of Labor Updates: IRAPs and Independent Contractors

Industry-Recognized Apprenticeship Programs Reversed

President Biden reversed a 2017 executive order from former President Trump that called for the Labor Department to launch so-called industry-recognized apprenticeship programs (IRAPs). The construction industry was already exempt from the IRAP rule. The Biden administration will instead focus on the Labor Department's traditional registered apprenticeships, which require tougher standards for program operators as the pathway to expand the nation's earn-as-you-learn job-training system.

The IRAP model was supported by some companies and congressional Republicans for its emphasis on giving employers more flexibility in training workers without the registered apprenticeship process. The industry-recognized system had sought to expand on-the-job training to new business sectors by allowing private companies to create their own programs with minimal government interference; the process of approving standards for the program was outsourced to private third parties. Yet despite being one of the DOL's central priorities for new programs under the Trump Administration, the project was slow to come to fruition, as Democrats in Congress blocked funding and the implementing regulations weren't finalized until last year.

Independent Contractor Rule Delayed

On Tuesday, the DOL delayed implementation of the Trump Administration's rule to classify workers as independent contractors. Per President Biden's Inauguration Day Directive to freeze all pending regulations, this rule will now be effective on May 7, 2021. However, the DOL's Wage and Hour Administration said the delay is necessary to consider the legality of the independent contractor test. The agency could re-open the rulemaking process with a different standard.

House Appropriations Committee Lays Out Framework for Reintroduction of "Ear Marks"

Last Friday, House Appropriations Committee Chair Rosa DeLauro (D-CT) outlined the framework of community project funding known as earmarks. In addition to adhering to the House Rules (House Rules XXI and XXIII), the House Appropriations Committee is enforcing a series of reforms to guarantee that Community Project Funding is dedicated to genuine need and not subject to abuse. Earmarks will be limited to 1 percent of total discretionary spending, and lawmakers will be capped at submitting 10 earmark requests per fiscal year.

The House Appropriations Committee plans to create a "one-stop" online portal for all of the requests. In addition to oversight and transparency restrictions in place before the ban on earmarks in 2011, Democrats are adding more provisions, including making members certify that no immediate family members have any financial interest. Click here for a fact sheet with more information.