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## Georgia Update

As of this morning, just one of the Senate Georgia races had been decided-Democrat Raphael Warnock defeated GOP incumbent Kelly Loeffler, becoming the state's first Black senator. The other race, pitting Democrat Jon Ossoff against GOP Sen. David Perdue, remains too close to call.

However, it is highly likely that Democrats will have unified control of government this year after being expected to win both Georgia Senate runoff races as the remaining votes to be tallied are from heavily Democratic counties in the Peach State. This widens the scope of the possible Democratic spending and tax legislative agenda and gives President-elect Biden the path to get his preferred nominations confirmed with relative ease.

The 2020 election cycle looks like it will end with a bang for Democrats. Rev. Raphael Warnock is the declared winner over Senator Kelly Loeffler (R-GA). As of this morning, Jon Ossoff is ahead of Senator David Perdue (R-GA) by 0.4 points, with the lead only expected to expand further with some Democratic-heavy absentee ballots left to count. This will likely put his lead outside the 0.5 point threshold for a mandatory recount (not that a recount would change the outcome). Once Ossoff is declared the winner of his race, Democrats will have clinched a 50-50 Senate majority with Vice President-elect Harris being the tie-breaking vote.

One item to watch is when Warnock and Ossoff will be seated. The Senate remains a Republican majority until they are both seated, thereby stymying the committee organization process as well as delaying President-elect Biden's nominees a swift confirmation. Georgia law stipulates that the results shall be certified no later than the second Friday after the election, with discretion to delay further by the secretary of state if need be. Once Warnock and Ossoff are seated, Democrats will have unified control of government: a Democratic White House, a 50-50 Democratic Senate, and a 222-211 Democratic House (one Republican seat is vacant and the NY-22 race is still uncalled). It's the thinnest Democratic majority since President Woodrow Wilson, but it's unified control nonetheless.

Biden, House Speaker Nancy Pelosi (D-CA), and soon-to-be Senate Majority Leader Chuck Schumer (D-NY) will now need to settle on a legislative agenda for the first 100 days. This agenda setting will be in conjunction with understanding the vehicles and political limitations for enactment. But expect the Democratic leaders to go as big as they can, as Pelosi and Biden eye the next two years as the legacy markers of their careers and see a challenging 2022 midterm map on the horizon. Biden is set to speak today about his economic agenda, with the world of possibilities greatly expanding after the Senate victories. According to a Politico report, "Biden's top legislative priority will be a stimulus package aimed at distributing funds for states to vaccinate Americans, among other Covid-related priorities.

Beyond coronavirus relief, Biden's transition advisers have developed or are working on multiple proposals on a range of policy ideas, from infrastructure to green jobs to raising the minimum wage." Most would not be surprised if a \$1+ trillion stimulus package will come about as quickly as possible. The speed will be a challenge, since this will all be done in one budget reconciliation bill that bypasses the filibuster and requires a budget resolution to be adopted by both chambers before a simple majority

vote on the actual legislation. What can be included in the reconciliation bill will also be a matter for debate and acceptance by the Senate parliamentarian as items like raising the minimum wage and infrastructure authorization may not be germane to the budget reconciliation rules. It is important to understand that Democrats will have a second bite at the reconciliation apple later in the year. It's in the second package that Democrats would deal with a long-term priority, possibly healthcare expansion. This package will also need to be accompanied by pay-fors, which will be most likely in the form of tax increases on the wealthy and corporations.

In determining the legislative agenda and the vehicle for it, Democratic leaders will also have to contend with the political constraints of their new power dynamics. They need every Democratic senator in support and can only lose one-handful of House Democrats. This means a Senator Kyrsten Sinema (D-AZ) or Joe Manchin (D-WV) could block a reconciliation bill for being too progressive, as well as the six-member "Squad" in the House blocking a bill for being insufficiently progressive. The power of the Senate moderates makes filibuster reform very unlikely and Democrats will need to work with Republicans on appropriations and infrastructure reauthorization. But the Manchins and Sinemas of the world will not stop the reconciliation agenda, rather they will smooth the rough progressive edges of it and find some wins of their own that they can take back to their constituents. While a Republican Senate may have stymied and altogether blocked certain nominees, Democratic control of committees and the floor agenda means Biden will get his preferred choices through, barring any major controversies. This makes Neera Tanden much more likely to be his Office of Management and Budget (OMB) director and brings Sally Yates back in contention for attorney general. This also means fully staffed, Democratic-majority commissions at the Federal Communications Commission (FCC) and the Federal Trade Commission (FTC), with Biden having the opportunity for giving progressives their preferred choices here and in other regulatory positions like the Consumer Financial Protection Bureau (CFPB). A final action Democrats can take with unified control is using the Congressional Review Act (CRA) to overturn any Trump administration regulations finalized within the last 60 legislative days. House Majority Leader Steny Hoyer (D-MD) yesterday said they are reviewing potential CRA actions to take, as there were several midnight regulations finalized, particularly in the environmental space, that could be ripe for overturning.