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Congress Splits Along Party Lines Over Fed-Facilities Move.

- **Democrats criticize secretary for seeking to end the programs**
- **GOP Senator Pat Toomey says facilities have done their job**

Lawmakers split along party lines on U.S. Treasury Secretary Steven Mnuchin's move to shutter a number of Federal Reserve emergency-lending facilities that relied on his agency's backing.

"Ending emergency programs specifically intended to support the economy through this crisis is irresponsible and misguided," Democratic Representative Richard Neal of Massachusetts, chairman of the powerful House Ways and Means Committee, said in a statement. "The Covid recession is not over. Millions of workers remain without jobs, and the futures of businesses across the country continue to hang in the balance."

By contrast, Republican Senator Pat Toomey of Pennsylvania, a member of the congressional panel monitoring pandemic relief funds at the Treasury and Fed, said in a Bloomberg TV interview that the facilities have served their purpose to stabilize markets and are no longer needed.

"These were always meant to be very temporary facilities," he said Friday. "I'm not surprised that a central bank would like to keep more power and more tools, but that doesn't make it right."

Mnuchin, in a letter to Fed Chairman Jerome Powell released by the Treasury on Thursday, ordered the sunset of five of the central bank's facilities designed to buffer the impact of the coronavirus pandemic, while asking for four others to be extended for 90 days. The Fed then released a statement underlining its preference for the "full suite" of measures to be maintained into 2021.

Senate Majority Leader Mitch McConnell said the "obvious use" for the hundreds of billions of unspent dollars is to re-purpose the funds for small business relief and vaccine efforts. Congressional leaders have been deadlocked for months over how much to spend on additional stimulus and where to allocate the money.

"American workers should not lose their jobs needlessly when a second round of the job-saving Paycheck Protection Program for the hardest-hit small businesses would make a huge difference," McConnell said in a statement.

Democratic Representative James Clyburn of South Carolina, chairman of the House Select Subcommittee on the Coronavirus Crisis, said the facilities that will no longer be able to purchase new assets beyond December were "part of a comprehensive set of tools Congress gave the Federal Reserve to combat the pandemic-related economic crisis."

Clyburn asked Mnuchin to rescind his request, and suggested congressional Democrats may encourage President-elect Joe Biden's Treasury chief to reestablish the programs next year.

Toomey said that he doesn't believe a Biden administration would have the legal power to extend the facilities on its own, but that Congress could re-authorize the lending programs if economic conditions worsened.

House Speaker Nancy Pelosi accused Mnuchin of trying to hobble the next administration's ability to deal with the economic fallout of the continuing pandemic.

"Why? — Because they want to impede the ability of the administration to have everything available to them?" Pelosi said Friday at her weekly news conference.

The congressional watchdog monitoring the Fed and Treasury's relief efforts divided last month over whether one of the programs Mnuchin has ordered to be ended — which supports the municipal-debt market — should continue.

The panel's two Democrats wanted the Municipal Liquidity Facility not only extended, but its terms adjusted to make it more favorable for bond issuers. State and local governments also lobbied to expand the program.

But Republicans on the oversight commission said the program, which had made only two loans at that point, had served its purpose to restore liquidity to the municipal bond market.

Bloomberg Politics

By Laura Davison

November 20, 2020, 9:05 AM PST Updated on November 20, 2020, 11:47 AM PST

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