

At 2021 drew to a close, Congress concluded the year by clearing several critical pieces of legislation and confirming a slew of nominees. Democrats hope to enact priority legislation in 2022 to improve their chances in the November mid-terms, but the road ahead is complicated. Capitol Hill paused to reflect on the anniversary of the deadly January 6 insurrection at the Capitol Building, and the work of the Select Committee investigating the matter continues. The omicron variant of the coronavirus continues to cause significant disruption across the United States, and the federal government will send coronavirus test kits to households across the country. Policymakers from the Federal Reserve met in December, and their minutes indicate a hawkish pivot.

Congress' End of Year Accomplishments

Capitol Hill saw a flurry of activity in the closing days of 2021. Before leaving for the Christmas break, lawmakers passed the annual defense policy bill, the [National Defense Authorization Act \(NDAA\) for Fiscal Year 2022](#). This legislation sets priorities and policy for the Pentagon for the fiscal year, which began in October, and authorized \$768 billion in funding for the Department of Defense. This is the sixty-first consecutive year that the NDAA has passed. The NDAA is a legislative vehicle for a range of policy matters and this year's bill included provisions to create an independent commission to review the war in Afghanistan, overhaul the military justice system for prosecuting sexual assault and other serious crimes, as well as measures to address threats from Russia and China, among other matters.

Lawmakers also [passed legislation to raise the debt limit](#). Using a novel parliamentary tactic, Democratic and Republican leaders agreed to a measure that raises the federal government's borrowing limit by \$2.5 trillion (which will allow the U.S. to cover its obligations until 2023) with just 51 votes instead of the 60 that are required if a bill is filibustered.

Finally, in a last-minute push, the Senate confirmed a long-delayed slate of executive branch nominees. The [last day of the Senate's 2021 session](#) witnessed an effort to work through a backlog of about 150 presidential nominees, including many for diplomatic and national security posts. In the closing hours, the Senate held confirmation votes for 41 ambassadors, nine federal district court judges, and a number of other executive branch officials nominated by President Joe Biden. Those not confirmed by the close of the session will have to be renominated by the President.

Congressional Agenda for 2022

Among the issues that Congress did not complete by year's end is the roughly \$2 trillion education, healthcare and climate package, dubbed Build Back Better. [Senator Joe Manchin \(D-WV\)](#) dealt a crushing blow to President Joe Biden's top domestic priority when he announced that he would not support the measure. A version of the legislation [passed the House in November](#). Senate Majority Leader Chuck Schumer (D-NY) announced that the Senate would vote on the Build Back Better Act in January, despite Senator Manchin's opposition—but it is unclear if Democrats will try to pass a smaller bill that includes only parts of the larger package.

A second priority for Congressional Democrats is voting rights legislation. Senate Republicans are united in their opposition to the legislation. Earlier this month, Leader Schumer said that the Senate would vote to change the chamber's filibuster rule to allow for a vote on voting rights legislation by January 17, a federal holiday honoring Martin Luther King, Jr. Still, Democratic leadership faces stiff headwinds as Senator Manchin and Senator Krysten Sinema (D-AZ) both oppose changing the filibuster rules. Democrats say federal election reform is necessary to counter a wave of voting restrictions adopted last year by Republican-led states. According to the [Brennan Center for Justice](#), more than 440 bills with provisions that restrict voting access were introduced at the state-level during the 2021 legislative sessions—of which 34 laws in 19 states have been passed. Many of those measures inspired by former President Donald Trump's false claims of widespread fraud in the 2020 election that he lost to President Biden by a substantial margin.

Another significant effort that has momentum moving into 2022 is legislation addressing U.S. competitiveness with China, the United States Innovation and Competition Act (USICA). This measure enjoys broad bipartisan support. House and Senate leaders have a strong interest in its passage, possibly upsetting traditional thinking that election years do not yield bipartisan legislation. Finally, Congress will have to, yet again, address government funding as the current funding expires on February 15. The current spending levels were signed into law by President Trump, and Democrats are eager to advance their first spending bill under the Biden administration that reflects their spending priorities.

Remembering January 6

Many Americans paused to reflect on the first anniversary of the deadly assault on the United States Capitol. On Capitol Hill, Democrats marked the solemn occasion with events including speeches, personal testimony, a panel of historians, videos, moments of silence, and a candlelight vigil. Illustrating the continued partisan divisions over the events of that day, in a moment of silence on the floor of the House of Representatives, only one Republican lawmaker, Congresswoman Liz Cheney (R-WY), joined Democrat colleagues. Congresswoman Cheney was accompanied by her father, former Republican Vice President Dick Cheney, who served five terms in the House. President Biden spoke at the Capitol and his [powerful speech](#) was a turning point, rhetorically, for the President who avoided directly confronting his predecessor during his first year in office. In a forceful address delivered in Statuary Hall, Biden accused Trump of “holding a dagger at the throat of America” and continuing to spread “a web of lies about the 2020 election...because his bruised ego matters more to him than our democracy or Constitution.” Looking forward, attention will remain on the Select Committee investigating the events of January 6 and the days preceding it—the Committee plans to hold weeks of public hearings soon and hopes to complete its report before the November mid-term elections.

Continued COVID Disruption

The omicron variant has caused a surge in coronavirus infections in the United States. The country is averaging more than 500,000 new cases a day, far more than at any previous point in the pandemic, and reports of new infections are rising steeply almost everywhere in the country.

On January 10 alone there were over 1,400,000 cases reported, shattering previous records in the United States and setting the highest daily tally of any country in the world. While Omicron appears to cause less severe illness than prior forms of the virus, there has been an uptick in hospitalizations with an increase of more than 50 percent over the last two weeks—a steep incline but so far, a much lower rate of increase than cases. There are currently more than 140,000 coronavirus patients hospitalized nationwide. While the omicron variant is infecting those who have been immunized and boosted, a large portion of those hospitalized with severe illness are unvaccinated.

The Biden administration’s pandemic response continues to evolve. The newest focus is on testing, and they plan to distribute 500 million tests to American households. The administration will launch a website allowing individuals to request the rapid tests, and officials are aiming to begin shipping the kits by mid-January. For Americans with private health insurance, [the administration is requiring](#) insurance companies and group health plans to cover the cost of eight over-the-counter at-home COVID-19 tests per individual per month. The demand for testing has far outstripped supply in recent weeks as millions of Americans traveled during the holiday season.

A More Hawkish Fed

The minutes from the [Federal Reserve’s December 15 policy meeting](#) showed a hawkish pivot from policymakers stating, “given their individual outlooks for the economy, the labor market, and inflation, it may become warranted to increase the federal funds rate sooner or at a faster pace than participants had earlier anticipated.” This demonstrates the consensus among policymakers on the need to address inflation, [now at its highest rate in four decades](#), by raising borrowing costs. After months of describing pricing pressures as “transitory,” the Fed dropped the term to describe the nature of the current high inflation. [Testifying before the Senate Banking Committee on January 11](#), Federal Reserve Chairman Jerome Powell acknowledged that high inflation has emerged as a serious concern and said that the Fed may raise rates more than it currently plans to if such action is required to address rising prices. Policymakers initially forecast three increases in 2022; some analysts now predict four rate hikes. This is a sharp departure from the Fed minutes in [September](#), where policymakers were divided over even one rate hike in 2022. The Fed will also wind down bond purchases—there is currently around \$8.8 trillion on the Fed’s balance sheet, nearly \$4 trillion of that accumulated during the pandemic. This presents a stark challenge for Powell, now under consideration in the Senate for a second term as Fed Chair, as he tries to rein in inflation without slowing the economy so much that it falls into a slump or even a recession—this is a concern for the financial system as well as domestic politics.

Personnel Updates

Department of Commerce – **Maria Louise Lago** was confirmed as undersecretary for international trade. **Matthew S. Axelrod** was confirmed as assistant secretary for export enforcement. **Alan Davidson** was confirmed as assistant secretary for communications and information. **Lisa W. Wang** was confirmed as assistant secretary of commerce

Department of Defense – **John Bradley Sherman** was confirmed as Chief Information Officer.

Department of Justice – **Elizabeth Prelogar** was confirmed as Solicitor General of the United States

Department of State – **John R. Bass** was confirmed as undersecretary for management. **Ramin Toloui** was confirmed as assistant secretary for economic and business affairs. The following Ambassadors were confirmed: **Michael Adler** for the Kingdom of Belgium; **Thomas Barrett** for Luxembourg; **Mark Brzezinski** for Poland; **R. Nicholas Burns** for China; **Denise Campbell Bauer** for France; **Bathsheba Crocker** to be Representative of the United States of America to the Office of the United Nations and Other International Organizations in Geneva; **Rahm Emanuel** for Japan; **Mark Gitenstein** for the European Union; **Laura S. H. Holgate** as the U.S. Representative to the Vienna Office of the United Nations; **Rashad Hussain** as Ambassador at Large for International Religious Freedom; **Victoria Reggie Kennedy** for Austria; **Jack A. Markell** for the Organization for Economic Cooperation and Development; **Scott Miller** for the Swiss Confederation and Liechtenstein; **Julissa Reynoso Pantaleon** for Spain; **Erik D. Ramanathan** for the Kingdom of Sweden; **Marc R. Stanley** for the Argentine Republic.

Department of the Treasury – **Shannon Corless** was confirmed as assistant secretary for intelligence and analysis. **Alexia Marie Gabrielle Latortue** was confirmed as assistant secretary for international markets

Department of Veterans – **Kurt D. DelBene** was confirmed as assistant secretary for information and technology.

United States Agency for International Development – **Atul Atmaram Gawande** was confirmed as assistant administrator for global health