



## Podcast Transcript

### 32nd Annual Legislative Seminar Series: Congresswoman Stephanie Murphy, D-Fla.

**Date:** July 7, 2021

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**Run Time:** 29:43

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**Lee:** For three decades, BakerHostetler has hosted its Legislative Seminar among the premier annual public policy showcases on Capitol Hill. Though COVID-19 forced a hiatus in 2020, we are back, finding new ways for you to hear firsthand from Democrats and Republicans in the House and Senate on the latest legislative developments on tax, infrastructure, healthcare, trade, energy policy, and more. I'm Leeann Lee, and you're listening to BakerHosts.

Our guest today is Democratic Congresswoman Stephanie Murphy of Florida. She is a member of House leadership and serves on the powerful Ways and Means committee, which has jurisdiction over federal tax and trade policy, as well as Medicare and Social Security. As a leader of the moderate Blue Dog Coalition, Congresswoman Murphy is an outspoken advocate for pragmatism and compromise in policymaking. She will no doubt play an important role in shaping President Biden's ambitious legislative agenda this year. Let's listen in.

Ferguson: Alright, well we are gonna get going. This is Mike Ferguson. I'm the senior advisor and leader of the Federal Policy team at BakerHostetler. Welcome, to our audience, to our 32nd Annual Legislative Seminar. We're doing so virtually this year, of course, and very much next year looking forward to getting back to doing our program in person once again. And as always, I'm joined by my colleague and dear friend, Heath Shuler. Heath, good to be with you again, with a very special guest.

Shuler: Yes, Mike, it's great to be back, especially with a superstar of the Democratic Caucus who leads the Blue Dogs in that traditional pragmatic policymaking, compromise, and fiscal responsibility. She's the chair of the coalition and a member of the House leadership, Chief Deputy Whip.

Ferguson: And we're delighted. We had a little snafu with the vote schedule. Heath and I remember very well, Stephanie, what that is like and how the vote schedule messes up everybody's calendars, but we are delighted to have you here after just a short delay. As Heath said, Congresswoman Stephanie Murphy is a superstar of the Democratic Caucus. She's a leading voice in Congress for thoughtful pragmatism, maybe I would say. And I can say this as a Republican, she's the kind of Democrat that Republicans and Democrats like working together with.

So without any further ado, Stephanie Murphy, thank you so much for being with us here today.

Murphy: Mike, thanks so much, and it's great to see you, too, Heath. This is, I, too, am looking forward to when we get to do this in person at, what is it, the Hyatt that you usually hold it at?

Ferguson: Yes, exactly.

Murphy: Yeah, I'm looking forward to doing that in person here next year, then. But thank you for being flexible, and thanks for having me again this year.

Ferguson: Well, you're welcome. You're a great friend to us here at BakerHostetler, and obviously you represent your Orlando area district so well and have so many great relationships at our firm, and all over the place, really, all over Florida.

I gotta begin with the first question on everybody's minds. This, you know, the bipartisan infrastructure deal that was announced last week, and then within, you know, hours I guess, a day or so of that, President Biden talked about, you know, tying it to a much, much bigger, maybe, human infrastructure package, the reconciliation package, and then walked that back a little bit, and I know Speaker Pelosi and Leader Schumer in the Senate still want those two bills to be tied together. Where do we stand, and, you know, you're somebody who gets a lot of attention because you're a key vote on so many of these bills. Where do things stand in your mind right now?

Murphy: Look, I strongly support the bipartisan deal. To be clear, it is a historic and unprecedented amount of investment in infrastructure that is much needed. And it was needed yesterday. And with infrastructure spending, it takes time to get it through the state and local government, get permitting and things like that done in order to get these projects shovel-ready, so to speak. So, we have no time to lose. We need to pass this bill as soon as possible. That means we should focus on getting it through the Senate and then the House and into law. And I think, you know, it's a saying that, you know, when you have the votes, vote. And we have the votes. Amazingly, in a Congress where there is very little bipartisan agreement, there is bipartisan agreement on this bill that's going to help address infrastructure needs as well as create jobs as we look to a robust economic recovery.

So, no, I don't support the bill's linkage to reconciliation. I think that we should do the bipartisan bill first and then we should turn to a targeted reconciliation bill and focus on the proposals that remain, that are in the President's family plan. I think if we don't move to act on this bipartisan bill, we may find ourselves snatching defeat from the jaws of victory when we have such a great opportunity to deliver for the American people.

Ferguson: You know, that is some great wisdom, right there. I remember it so well, serving on the Whip team, when you have the votes, have the vote, right? Call the vote and pass it. And I think it's interesting to hear you say that there's a, that really is great wisdom. And, you know, the progressives, both the House and the Senate, are talking about tying the packages together, trying to do this two-step. Is that gonna work? Is that gonna end up happening, and what happens to the bipartisan package if, say, Speaker Pelosi and Leader Schumer continue to couple the two and insist that both be done?

Murphy: I think it puts us on a very precarious path. You know, as Chief Deputy Whip, I only have to be able to count to four, and after July 24th, I only have to count to three. And so these are very narrow majorities. We have an opportunity here to move forward and deliver for the American people immediately. It does not preclude the Democratic Party from moving forward with a reconciliation bill if we vote for the bipartisan bill. Nothing says that we won't move forward with that. In fact, I think you've heard from moderate Senators as well as moderates in the House that they're willing to move forward with the reconciliation bill. But to tie the two together just really puts both on a precarious path.

Shuler: Well, Stephanie, I know that everyone's heard me say this, but I'm probably your biggest fan that's out there, continue to sing your praises, not only what you've been able to do in Congress, but really, at my heart where the Blue Dogs have been such an important role and play that mediator between the Democrats and Republicans so often. So once again, congratulations for your leadership.

And the question that I have is, you know, Bernie Sanders has a \$6 trillion bill that's been laid out in front of us. I mean, we've heard some of the Blue Dog members come out, obviously Manchin and the others, talked about that it's just entirely too much money, and we can't afford it, and the pay-fors and those sort

of things. What's the Blue Dog Caucus and what's the other, kinda the, you know, the moderate Democrats, the new Dems, you know, what are they saying about a more robust and more spending of close to a \$6 trillion bill?

Murphy: Well, coming from you, somebody who has ardent fans both in the football world as well as in the political world, to hear you say you're a fan of mine is high praise. I certainly appreciate that, but it's a mutual feeling. And look, as it relates to your question about the amount of money that should be spent on reconciliation, let me just recount for you how much money we have spent in, since the pandemic began. And much of it, and all of it I think, to date was necessary.

We've spent \$4 trillion in a bipartisan way on a variety of COVID packages to provide a support system for American families and American businesses to see them through the darkest hours of the pandemic and the economic crisis that we endured last year, and at the beginning of this year we provided a little extra money, and a little being \$1.2 trillion, a trillion here and a trillion there and suddenly we're talking about real money. But we provided another \$1.2 in the American Rescue Plan, ARPA, and that was to ensure we got shots in arms and a little more resources into peoples' pockets because the beginning of this year we couldn't see how far out this pandemic would go, and thankfully we are coming out of the pandemic, it appears, as long as the Delta variant doesn't get us. So what does that put us at, \$5.2 trillion?

And then, you know, if we get this bipartisan infrastructure bill done, we're talking about another \$1, \$1.2 trillion, so that gets us to \$6.2, and then if we look at our annual appropriations, that's \$1.1 if we're at a continuing resolution, meaning we spend at the levels that we're at, or \$1.5 if we spend at the proposed level that the Biden administration has sent over. So, a lot of that was debt spending, as it was necessary for COVID, but as we move forward on much needed investments, we should be looking at the fiscal state of this country. We should be mindful of inflation, we should allow the resources to work their way through the economy, and we should be thoughtful as good stewards of taxpayer dollars as we move forward.

So, you know, while I don't want to talk necessarily top line, because we should be building for the outcome and what we can find revenues for, but I do think some of the proposals that are coming out of corners of our caucus will be a bridge too far for us to sustain and not put our economy at risk. So, I do think we need to curb our enthusiasms, realize that we can only be as bold as the boats will bear, and that we're talking real money here, and we want to make sure that we are good stewards of taxpayer dollars and are directed in our investments.

Shuler: That's great. You know, with the margins being close in the House, close in the Senate, you even have members like Scott Peterson, who represents the biotech hub of San Diego last week, said he won't support a reconciliation bill if it includes drug pricing negotiation. You know, I mean, the House has several, you know, there's a lot of bills that are being floating out there. I mean, is it possible for a Democrat-only bill to pass?

Murphy: Look, I think as it relates to reducing drug costs, we're all united on that common goal, and I think Republicans want their constituents not to have to pay huge drug costs, too, but we have to balance the efforts to reduce drug costs with promoting innovation. And if that, if coming out of COVID because the biopharma industry delivered the anecdote, so to speak, through innovation isn't evidence enough that we need to promote and preserve innovation within our pharmaceutical, biopharma industry, I don't know, you know, there's any more telling moment that there's value in what this industry provides in that we should be mindful of making this balance.

I think we have to be careful and targeted, and, you know, HR3 in its current form is not a bill that can probably get over the finish line in my perspective. There's a lot of good stuff in that bill, and we should try to preserve what we can and make progress towards lowering prescription drug costs, because at the end of the day if we pass a messaging bill alone, that doesn't help a single constituent in my district. The only thing that helps a constituent in my district at the pharmaceutical counter is if I can deliver a real win, real changes, and it has to be changes that can get through the House, the Senate, and be signed into law by the President. And so that's what I'm focused on, because they can't wait any longer for relief as it relates to drug costs.

Ferguson: Stephanie, I want to go back to a point you made a little while ago, is that you said you only have to count to four and soon you'll only have to count to three. You know, before you even get to a reconciliation bill, a spending bill, you need to pass a budget resolution, and with a three-vote margin perhaps in July, are there even the votes there to pass the budget bill that would authorize the reconciliation spending bill?

Murphy: I think it would be difficult. I would just point back to the budget resolution that was used to initiate the COVID relief bill, the American Rescue Plan. That vote had three Democratic no votes on it, and so it is a precarious path, and that was, we lost three votes at a time when we could afford to lose three votes. If we, July, I think it's like 27th, 24th, 27th, I can't remember exactly. We have four votes to lose until that point, and then after that point we have three votes to lose, no more. So it's gonna be difficult.

Ferguson: Yeah, I think it's lost on a lot of, maybe the general public, that this is really a two-step process. You have to pass the budget resolution before you even get to the spending bill, and a budget resolution could frankly be a much larger number than whatever a spending bill might have in it. But that's a tough vote for a lot of folks, I've got to imagine, so that narrow margin is tough. Let me ask you about another topic that, you know, it's tough to govern, right? When you're in the minority it's easy to be more united, but when you're actually governing in the majority, there's lot of things that people find that maybe divide folks.

One of those is the SALT deduction cap that was in the 2017 tax bill. I'm listening to folks, my friend Josh Gottheimer from my home state, for whom this is a very important issue, Chuck Schumer, it's a very important issue to a lot of these maybe bluer states, folks saying no SALT, no deal. They wouldn't vote for those.

I know that's probably not something you like hearing. Is there a path forward on the SALT deduction? Is there a package or a compromise that could make some of those folks happy, the Josh Gottheimers of the world?

Murphy: Well look, Florida doesn't have a state income tax, so repeal of the SALT limitation enacted in the TCJA does virtually nothing to help Florida residents, and it certainly can't be done in tandem with raising taxes on all Americans. And I have respect for my colleagues for whom this is a passionate issue for them, but I think there are arguments against repeal, including fiscal and fairness arguments, particularly when you're a Democrat and are looking for equity in the tax code.

But look, we'll see if there's a path forward, perhaps with some sort of compromise provision, but I think at a time when we are looking for revenues and looking at a wide range of potential sources of revenues, it's hard to make the argument to lift this cap, because we're going to have to find a way to pay for that, too. And so do you want to lift this cap and give these resources back to folks who live in these particular states, or do you want to take that money in and invest in the care economy and schools and working class folks, as the administration has indicated they want to do?

Ferguson: I know my colleague Heath had a question, but I also just want to ask you one more question before we kick it over to Heath's turn. On the debt ceiling, you know there's supposed to be another vote on that. Nobody's really talking about it. How is that gonna play out? Are you and your colleagues talking about that much, and is there some thought or some idea of tying that to another package to make the vote a little bit easier? It's always a tough vote for a lot of folks.

Murphy: Well look, we have to further suspend or raise the debt limit because the consequences of not doing so are really too terrible to contemplate, and let me be clear that Democrats and Republicans during the Trump administration and before that worked together to make sure that we didn't create this crisis, so I think it's critically important that Democrats and Republicans work together in this moment, however politically difficult, but to vote together, because this should be about patriotism and insuring the, you know, the credit of the United States government.

It should be about patriotism and not partisanship. There are a lot of paths forward on how we could do that, but we need to take one of them and we have to do it together, and I think this is an opportunity for Congress to demonstrate to the American people that we can act like adults and do what's right for the nation.

Shuler: And Stephanie, just add PAYGO to it and send it over to the Senate and see if they'll abide by the House rules. Tell them they can't wait any longer. The question, the Ways and Means Committee earlier this year had a bipartisan moment with the unanimous approval of the Secure Act 2.0 to build upon a bipartisan Secure Act passing on law in 2019 aiming to promote retired savings. Are you expected a four action this year?

Murphy: Well, Secures 1.0 was absolutely an all too rare movement of bipartisan cooperation, and I think Secures 2.0, which we marked up earlier this year, looks like it might be the same, so I'm really hopeful that it will go the floor later this year and that we'll get a vote there. This is a critical element of the three legs of retirement and I'm hopeful that we'll be able to get this done.

Shuler: During the pandemic, CMS, they granted flexibility in telehealth and even hospital at home for the patients to receive acute care at their home. Do you think that, it's set to expire at the end of the year, do you think there's going to be some provisions or some rules or legislation put in place to be able to have some form of telehealth moving forward?

Murphy: Yeah, in so many ways the pandemic forced advancements that were probably going to happen but were slow to happen, whether that's, you know, the way people work, telework, or telehealth. And we've heard an awful lot about telehealth. I think the pandemic was like a forced pilot program for telehealth, and we have heard a lot of good things. And I'm inclined to extend and even maybe expand these waivers, but what I want to make sure is that patients are getting the same quality of care that they would get from in-person visits, or that we set boundaries around what kinds of services can be provided by telehealth.

You know, at the end of the day, I think we have a body of evidence from telehealth during the pandemic that we can take a look at, and if we extend and expand these waivers I want to make sure that we use that evidence to support the decisions that we make to make sure that we're helping patients, and that's always going to be my north star. Are we helping patients?

Ferguson: Stephanie, I got to ask you about China. It's maybe one of the only bipartisan issues, it seems, still left on Capitol Hill. The Senate acted on Senator Schumer's, you know, very broad, wide-ranging bill. We asked Steny Hoyer about it on a webinar last week, and he talked about it moving perhaps a little bit more slowly and in pieces in the House, allowing the committees, many different committees of jurisdiction to kind of work their will a little bit on some of those areas of jurisdiction. You're on some of the committees that would take that up. What do you see? What are you hearing? What do you see as a path forward for the China competitiveness legislation that's already moving its way through the Senate?

Murphy: Well you know, it's a 2,000-page bill that crosses a lot of different committees' jurisdictions, so it's going to take the House a little bit more time to digest the bill and kind of figure out how we align initiatives that we already had kind of going on in the House with what the Senate sent over. But I think at the end of the day we need to act on this as well and reconcile the differences between the House approach and the Senate approach. But act, because the truth of the matter is that we are in competition with China across virtually every geographic and functional domain, and I think technology competition really lies at the heart of this competition with China.

And, you know, we aren't going to be able to hold China back. That's not really a winning strategy. The only way we win in this competition is by getting better ourselves and being faster and being better, and we always have had the innovative edge and we need to work to preserve that and ensure our private sector, and our government research and development, and all of those areas are well integrated, well resourced, so that we can compete in this great power competition.

And the other important part about competing in this great power competition is that technology isn't just about widgets and software and things like that. It's about a country's values, and embodied in American technology is our democratic values, the idea that we use technology to democratize. Embodied in Chinese technology is their autocratic approach to governing, and you can look no further than Shenzhen or Hong Kong to see how they're using technology to enact a dystopian future, and you don't want them exporting that to other countries around the world at a time when autocracy and democracy are in competition, too. So this is part of a broader sort of macro-level existential sort of competition, and at the end of the day the United States and democracy must prevail.

Ferguson: You know, I'd like one follow-up on that. I know Heath is gonna close us out in a moment, but one of the ways of competing with China is stronger trading relationships with our other partners, right, our other trade partners. The U.S. Trade Representative Katherine Tai has talked about the renewal of the Trade Promotion Authority and that's tended to be bipartisan in a lot of ways in the past. But I don't see it on anybody's radar screens right now, and it's expiring very shortly. What are you hearing about that, and do you expect the Trade Promotion Authority to be renewed, and renewed in a bipartisan way, this year?

Murphy: I think the dynamics within Congress have changed around trade, and there is not a reliable core of members of Congress who are willing to stand up for trade that is fair and guided within a global international system and, you know, governed by trade deals that we make that benefit our workers and our businesses just as much as it engages with other countries. I think you're seeing somewhat of a protectionist movement or moment in Congress, both on the Democratic and Republican side. And so, the will doesn't necessarily feel there for TPA to be taken up and moved forward, and especially if you don't have an administration that has prioritized that.

I believe some of the remarks coming out of the administration have been, we're going to focus on at-home first and then worry about trade later, and I think that that's a misunderstanding of how trade interacts with growing our economy and ensuring a robust economic recovery. And trade also has the benefit of strengthening our alliances and our relationships overseas, and so this is a missed opportunity if we can't right the ship as it relates to trade and be more forward leaning. We haven't done a new trade agreement, and I'm not counting the USMCA really, but since 2011. And, you know, the tariffs under the Trump administration, many seem to be remaining as opposed to being lifted, although there's been some progress in some areas. We aren't using that lever, that

economic lever, to its fullest potential, I believe, in both competition with China as well as a domestic economic growth.

Shuler: Stephanie, it's, we had Senator Joe Manchin on last week and he talked about governing in the middle and what it actually takes, and as a Blue Dog in leadership and having a seat at the table now, can you kind of explain to some of us, and, you know, what it's like to help govern in the middle and try to negotiate on both sides of the aisle, and ultimately have compromise? Because personally I think the American people is indebted to you and others that have been able to get those compromise, that obviously looks at the debt and deficit when we're creating policy, but also what's right for the American people, and truly that's voting for the policy as opposed to the politics, as often times we see on a lot of the news outlets.

Murphy: Well, I have, one of my members on my team says that being, governing from the middle is like driving down the middle of the road, you're likely to be hit from the left and the right, and I would add that these days with Twitter and social media and et cetera, it's like driving down the middle of the road into oncoming traffic. And so you are likely to be hit from all sides, but, you know, it's not the easy thing to do necessarily. It's probably easier to get in the light left lane and cruise, but it, I believe, leads to better legislation. I truly believe that the broad swath of America whose heads aren't exploding on cable news or online are busy trying to put food on their table, take their kids to school and to activities, and just kind of make ends meet, and they want a government that they believe has the ability to function and get things done, and that middle is more important than ever in order for us to serve all Americans, not Democrats, Republicans, or Independents, but rather to serve all Americans all across this country as we try to recover from this economic recession and pandemic and try to build for a better future, given the near-peer competition that we are seeing, as well as the adversarial activities, whether it's cyber-attacks or otherwise, that we're also suffering through. The center is often the strongest part of any structure, and I would like to think that that's where we're getting strength in our policymaking as well here in Congress.

Ferguson: That's great. Congresswoman Stephanie Murphy, you are a great friend and a great guest. As always, we're so delighted that you were able to work your schedule today with the crazy vote schedule and still be with us on our program today. So on behalf of Heath and all of us here at BakerHostetler, thank you so much for your great work in the House and thank you for joining us again here today on our legislative seminar.

Murphy: Thanks so much for having me. Great to see you all. Stay safe, be well. Take care.

Ferguson: Take care, thank you.

Lee: Thank you Congresswoman Murphy, Mike, and Heath. If you have any questions for Mike and Heath, their contact information is in the show notes. As always, thanks for listening to BakerHosts.

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