

ALCALDE & FAY

GOVERNMENT & PUBLIC AFFAIRS FIRM



THIS WEEK IN WASHINGTON

Week of August 2-6, 2021

FEDERAL UPDATE

The Senate was in session this week and as further detailed below began floor consideration of the bipartisan infrastructure bill (the *Infrastructure Investment and Jobs Act*). Although originally scheduled to adjourn this afternoon for August recess, the Senate is now expected to remain in session at least through the weekend to complete consideration of the infrastructure bill and then will likely spend several days debating the forthcoming FY 2022 budget resolution that will include instructions and a general blueprint for the \$3.5 trillion reconciliation spending package Congressional Democrats are hoping to advance this fall. The House, which is not currently scheduled to return to Washington for votes until September 20th, could return earlier to consider the infrastructure bill, although as noted below that timing remains unclear.

SENATE BIPARTISAN INFRASTRUCTURE BILL

The Senate this week began floor consideration of the 2,702-page, nearly \$1 trillion *Infrastructure Investment and Jobs Act* (bill text available [here](#); updated fact sheet available [here](#)) that would provide \$550 billion in new/additional spending. For your reference, we have included an updated chart below citing the specific funding levels included in the final agreement unveiled, although please note these amounts are subject to change pending further amendments/negotiations prior to final passage.

Transportation Infrastructure	Other Infrastructure
\$110 billion for roads, bridges, and major projects	\$55 billion for water infrastructure
\$11 billion for pipeline and safety programs	\$65 billion for broadband infrastructure
\$39 billion for public transit	\$21 billion for environmental remediation
\$66 billion for passenger and freight rail	\$73 billion for power infrastructure and electric grids
\$7.5 billion for electric vehicle (EV) infrastructure	\$5 billion for Western Water Storage
\$7.5 billion for electric buses and transit	\$47 billion for resiliency programs
\$25 billion for airports	
\$17 billion for ports and waterways	
\$1 billion for reconnecting communities	
Total: \$284 billion	Total: \$266 billion

After Senate negotiators failed to reach an agreement on the path forward for consideration of several remaining amendments, Senate Majority Leader Chuck Schumer (D-NY) filed a motion on Thursday to effectively end debate and move to final passage as soon as Saturday.

Although nearly 250 amendments were filed to the bill this week, by Thursday night the Senate had considered only 22, adopting 7 and rejecting 10 by roll call votes, and also adopting 5 by voice vote. As of Thursday evening, the Senate had avoided adopting amendments to substantively change the bill in a way that could jeopardize its already tenuous bipartisan support. Although about 17 Republican Senators have signaled their tentative support for the bill,

including Minority Leader Mitch McConnell (R-KY), several still remain skeptical of the overall scope and cost of the bill. Further complicating matters, the Congressional Budget Office (CBO) issued a report late Thursday afternoon that said the bill would add \$256 billion on net to the deficit over the next decade, rather than being “fully paid for” as originally advertised by negotiators. It is worth noting that several offsets included in the bill were not counted towards the CBO’s final “score,” and several others came up shorter than what was believed. For your reference, we have included below the list of pay-fors included in the final bipartisan infrastructure bill as updated by this week’s CBO score (offsets not scored by CBO were scored by the Joint Committee on Taxation).

- **\$53 billion** from states returning unused enhanced unemployment insurance (UI) benefits from the several COVID-19 relief bills*
- **\$67 billion** from unused savings from the COVID-19 employer retention tax credit
- **\$106 billion** in unused savings from COVID-19 paid & family leave tax credits
- **\$51 billion** from the partial delay of a Trump-era Medicare rebate rule*
- **\$21.4 billion** in rescissions in unused funding from 2020 COVID relief bills*
- **\$10.2 billion** from the sales of future spectrum auctions and sales*
- **\$67 billion** from proceeds of the February 2021 c-band auction
- **\$28 billion** from clarifying the application of information reporting requirements for cryptocurrency
- **\$53 billion** in economic growth from a 33-percent return on investments
- **\$21 billion** from extending fees of GSEs*
- **\$14.5 billion** from reinstating certain Superfund fees
- **\$8.7 billion** from extending statutory sequester cuts to Medicare*
- **\$6.1 billion** from extending customs user fees*
- **\$3 billion** from drug-makers reimbursing Medicare for certain wasted medication*
- **\$2.9 billion** from extending available interest rate smoothing options for defined pension plans

** denotes offset included in CBO score*

BUDGET RECONCILIATION

With a final vote on the infrastructure bill now expected to be held as early as this weekend, the Senate is then expected to begin consideration of the FY 2022 budget resolution from Senate Democrats that will include instructions to the committees of jurisdiction, who would then draft their portions of the \$3.5 trillion proposal over the next several weeks. As previously reported, passage of a budget resolution will require all 50 Senate Democrats to be in support of the proposal, as all Republicans are expected to oppose it, with Vice President Kamala Harris then serving as the tie-breaking vote. Several Senators in the Democratic caucus, such as Krysten Sinema (D-AZ), have voiced concerns about the \$3.5 trillion price tag, although Senate Budget Committee Chairman Bernie Sanders (I-VT) this week in an opinion piece for *The Wall Street Journal* indicated that he does not plan to lower the cost. Additionally, although Senate Democrats have insisted that any reconciliation bill would also be fully paid for, recent reports indicate that the reconciliation package could ultimately add hundreds of billions of dollars to the federal deficit over the next decade as several planned offsets are unlikely to count under CBO scoring rules. This could mean that the budget resolution may instruct Senate authorizing committees to draft legislation with certain “deficit-increase allowances,” while the Senate Finance Committee would be instructed to reduce deficits.

FISCAL YEAR 2022 APPROPRIATIONS

The Senate Appropriations Committee this week began work on its FY 2022 spending bills, marking up the Agriculture (bill text [here](#); report [here](#); summary [here](#)), Energy & Water (bill text [here](#); report [here](#); summary [here](#)), and Military Construction-Veterans Affairs (bill text [here](#); report [here](#); summary [here](#)) spending bills, all of which were advanced by votes of 25-5. Of particular note, the Senate’s Energy & Water bill includes \$450 million in emergency funding to address severe droughts in western states, and the Agriculture bill includes over \$7 billion in emergency funding to respond to agricultural disasters including severe heat, wildfires, and drought, especially in areas not covered by drought disaster declarations. The FY 2022 Agriculture bill also includes \$700 million for the ReConnect program to expand broadband access, and \$6.278 billion for the Supplemental Nutrition Program for

Women, Infants, and Children (WIC). The Committee is expected to resume work on the remaining 9 appropriations bills following the August recess, although Senate Appropriations Committee leadership is expected to work towards an agreement on Subcommittee spending allocations (known as 302(b)s) during the recess period, which also involves broader negotiations over increases to defense and non-defense discretionary spending. Senate Republicans are seeking equal increases to the two categories, and without that in place would likely oppose any forthcoming spending bill. This would be similar to House Republicans who last week unanimously opposed both the 7-bill “minibus” and two standalone spending bills (which were both approved), citing the lack of parity between defense and nondefense spending as a factor in their unified opposition to all of the bills.

Appropriations Committee leadership, senior Congressional leadership and the White House are expected to continue discussions on the spending bills over the August recess and in September, although those discussions could be impacted as Congressional Democrats look to advance a massive reconciliation package. Even if the spending level and policy rider issues are resolved in the coming weeks, there are a limited number of days available for floor consideration of any agreed-upon spending bill (or minibus package of spending bills), before the September 30th deadline. At this point, it seems very likely that Congress will need to rely on a Continuing Resolution (CR) to avoid a government shutdown and fund the federal government beyond the end of the fiscal year.