

ALCALDE & FAY

GOVERNMENT & PUBLIC AFFAIRS FIRM



THIS WEEK IN WASHINGTON

Week of September 20-24, 2021

FEDERAL UPDATE

Both the House and Senate were in session this week, with negotiations among Democrats continuing on several key pending legislative items, as outlined below, and the House taking the first step to avoiding a government shutdown by extending funding for the federal government beyond the end of the current fiscal year on September 30th.

FISCAL YEAR (FY) 2022 APPROPRIATIONS & DEBT CEILING SUSPENSION

As referenced above, the House this week passed a Continuing Resolution (CR) to fund the federal government beyond next Thursday's deadline, although as outlined below, the CR in its current form is likely doomed in the Senate. Approved by a party-line vote of 220-211, the CR (H.R. 5305; *bill text available [here](#); summary available [here](#)*) would extend funding at existing levels through December 3rd for the majority of the federal government, while also providing nearly \$35 billion in supplemental and emergency spending, including \$6.3 billion in supplemental spending to support the resettlement of Afghan refugees and \$28.6 billion to respond to recent natural disasters and extreme weather events such as hurricanes, droughts, and wildfires. As outlined in the section-by-section summary, the CR includes \$10 billion for the Department of Agriculture to cover losses from natural disasters in both 2020 and 2021, \$3 billion for the U.S. Army Corps of Engineers to accelerate construction of flood and storm damage reduction projects, \$2.08 billion to repair damages to Corps projects caused by natural disasters, and \$1.36 billion for U.S. Forest Service expenses related to natural disasters, including wildfires, in 2019, 2020, and 2021.

Of particular note, faced with a looming debt limit crisis projected to occur by mid-October if no action is taken on the debt ceiling, the House-passed CR includes a suspension of the debt ceiling through December 16, 2022. The suspension's inclusion means the CR cannot pass the Senate, as Senate Minority Leader Mitch McConnell (R-KY), along with 45 Senate Republicans, have said they will not support raising or suspending the debt limit due to Democrats pursuing "massive and unprecedented" spending without seeking Republican input. McConnell has suggested that if Democrats want to advance their agenda using the budget reconciliation process then, with control of Congress and the White House, Democrats can and should also address the debt limit through their pending budget reconciliation bill. Doing so, however, would present procedural hurdles related to amending the existing budget resolution to address the debt ceiling, and would also likely require Democrats to increase the debt limit by a specific amount, rather than providing a temporary suspension, which would likely be less politically palatable for many moderate Democrats as opposed to simply voting to suspend.

Also of note, the House-passed CR does not include an extension of the current surface transportation authorization (*FAST Act*); the current one-year extension of the FAST Act is set to expire on September 30th and the CR's lack of an extension puts more pressure on the House to pass the Senate-passed infrastructure package (outlined below) that includes a five-year, \$567 billion surface transportation reauthorization.

INFRASTRUCTURE & BUDGET RECONCILIATION

As previously reported, House Democratic Leadership struck a deal with moderate House Democrats in August whereby leadership promised that the nearly \$1.2 trillion bipartisan *Infrastructure Investment and Jobs Act* (IIJA), that includes \$550 billion in new spending and a five-year surface transportation reauthorization, would be taken up on

the House floor no later than this Monday, September 27th, and in return moderates would vote in support of the FY 2022 budget resolution to initiate the budget reconciliation process. Many progressive House Democrats, however, have threatened to oppose the IIJA if the massive budget reconciliation bill is not considered prior to or in tandem with the IIJA, worried that moderates might reduce the size of the reconciliation package once the IIJA was approved. House Majority Leader Steny Hoyer (D-MD) indicated earlier today that leadership still plans to bring IIJA to the floor on Monday, and that the House will plan to consider the budget reconciliation bill, as detailed further below.

If IIJA were to fail in the House next week, the path forward on surface transportation reauthorization remains unclear as an extension was not included in the stopgap funding measure that passed the House this week. House Transportation & Infrastructure Committee Chairman Peter DeFazio (D-OR) and Senate Environment and Public Works (EPW) Committee Chairman Tom Carper (D-DE), however, have indicated they are exploring options for a short-term reauthorization to avoid a lapse in surface transportation authority and a halt in highway projects across the country.

Budget Reconciliation

As referenced above, House Democratic leadership indicated they are planning to bring Democrats' \$3.5 trillion budget reconciliation bill containing several domestic policy priorities of the Biden White House to the floor next week. On Thursday, House Budget Committee Chairman announced his committee will meet tomorrow, Saturday September 24th, to markup and package the 13 House Committees' policy proposals for reconciliation into one bill. Progress on the bill stalled this week over policy disputes within the Democratic Caucus, including those related to the overall cost of the package as well as specific tax and revenue provisions. President Biden met with Democratic leadership and dozens of House and Senate Democrats this week seeking to reach a compromise on the reconciliation package, and while no immediate progress was made during these meetings we expect negotiations to continue through the weekend.