



Policy Resolution Group Reconciliation & Infrastructure Update

October 8, 2021

Please find below the latest addition of the Policy Resolution Group's FY2022 Budget Reconciliation & Infrastructure Update.

Included in this newsletter are sections on:

- State of Infrastructure and Reconciliation Negotiations
- Liam Donovan's Bottom Line
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State of Infrastructure and Reconciliation Negotiations

Negotiations over the Build Back Better reconciliation package continued to make progress this week, with most of the action taking place behind closed doors, and with little definitive progress on what will be included in the final bill. Senator Joe Manchin (D-WV) continued to reiterate his desire for a reduced top-line number and cautioned that sweeping social safety net spending without work requirements would "turn our society into an entitlement society." Senator Kyrsten Sinema (D-AZ) has remained publicly quiet about her demands for a final bill, but she has seemingly raised objections to corporate tax increases and provisions to lower prescription drug prices. Senate Budget Committee Chair Bernie Sanders (I-VT) and Congressional Progressive Caucus Chair Pramila Jayapal (D-WA) once again expressed significant frustration with both of the Senators and demanded that they clarify their demands on what programs be cut and by how much.

As negotiations continue, Democrats must make difficult choices over which provisions to cut out of the agreement in order to satisfy the moderate wing of the party. President Biden has seemingly accepted that a final reconciliation bill will likely end up costing about \$1.9-\$2.3 trillion over 10 years, but there are growing concerns that it will be difficult to finance that number without significant tax increases that are likely to be opposed by moderates. It could be necessary for Democratic leaders to cut certain programs entirely and significantly pare back most other provisions. Backdoor negotiations over the next few weeks will provide further direction on the eventual form this bill will take, but we can expect more hand wringing from progressives that the bill doesn't invest enough in the American people and from moderates that the bill represents irresponsible government spending.

Liam Donovan's Bottom Line

Bottom Line: A (Side)Show About Nothing. The U.S. Senate engaged in the Seinfeld of stand-offs this week, as Republicans and Democrats stared each other down over procedural minutiae amid the specter of market fallout related to ongoing flirtation with the federal debt limit. The gratuitous game of chicken was resolved with a fitting anti-climax: a short-term punt to the end of the year, setting up a newly unified fiscal cliff for early December. Senate Democrats crowed about the GOP “cave,” while Republicans—ultimately more concerned with preserving the filibuster—settled for forcing the majority to back a debt figure rather than a mere suspension. The underlying disagreement over a long-term debt limit increase continues, and we can expect to be back in the same position within a matter of weeks.

The debt limit drama served as a welcome interlude to fractious Democratic negotiations over the Build Back Better reconciliation package. And while the exercise of standing up to a common political enemy appears to have provided a short-term boost to morale, reality intruded within hours of claiming victory, as Senators Sanders and Manchin traded public barbs over the size and scope of the partisan reconciliation bill. After failing to secure a desired framework deal that would have allowed for passage of the bipartisan infrastructure bill (BIF) by the end of September, the party finds itself no closer to such an agreement a week later. House and Senate leadership both publicly committed to a new target date for passing both bills on October 31, when the new surface transportation authorization patch is set to expire. This new date would carry slightly more weight than the original September deadline in that the Highway Trust Fund (HTF) is in need of a cash infusion, something that would be difficult to win GOP support for with a 5-year highway bill (BIF) sitting in the House.

Practically speaking, the reconciliation package almost certainly will not be passed this month, as the current congressional calendar alone can attest—members won't be returning to Washington until the week of the 18th. But a framework deal by Halloween is critical to ensuring that the final bill can be negotiated, crafted, scored, and otherwise vetted in time to be comfortably passed and signed into law by the end of the year. Also looming is the Virginia gubernatorial election in early November that could serve as a canary in a political coalmine for Democrats' midterm fortunes. A disappointing result could further depress the appetite for a bigger, bolder package, while a sweeping victory could give Biden a boost in his quest to deliver a \$2 trillion plus deal. Simply put, the longer these talks drag on, the smaller the topline is likely to get, and the more contentious the fights will be over how to triage the agenda. Senators Manchin and Sinema remain elusive, despite ongoing engagement with the White House, and their policy concerns, while complimentary, are unique. Getting them to yes will be a challenge that is compounded by the need to sell any deal to newly emboldened progressives. President Biden has already made clear that his target range is \$1.9-2.3 trillion, telegraphing the necessary expectations adjustment, but even that range could prove out of reach.

Ultimately President Biden's decision to hand progressives a public victory on the linkage of the BIF could be the medicine that helps the myriad of substantive concessions go down. The wild card to watch remains the practical, political, and philosophical calculus that informs a slimmed down bill: will Democrats pick a few core programs and priorities to enact for as long as possible, or will they pack in as much as they can, even if it means doing so for only a few years?

Follow Liam on Twitter: [@LPDonovan](https://twitter.com/LPDonovan)

The Breakdown with Yasmin Nelson

The Breakdown: Congressional Showdowns. It's week two of behind the scenes negotiating on multiple big ticket items including reconciliation and the debt limit. Senate Democratic Leader Chuck

Schumer and Minority Leader McConnell have successfully negotiated a short term debt limit extension until December. While Majority Leader Schumer is walking away feeling like he won, the short extension means they will be right back at it in a few weeks. When that happens, Democrats hope and believe that they will be in a stronger negotiating position now that Minority Leader McConnell has been forced to cooperate on the short extension.

In other significant news, Democrats are continuing to negotiate within the party to come to a consensus on an overall price tag for the reconciliation package. Earlier this week, President Biden shared with Progressive Democrats that the topline number should be around \$1.9 trillion to 2.3 trillion. Progressives seemingly understood the assignment and did not vocally push back on President Biden. However, there is a strong desire for firm commitments from Senate Democrats like Manchin and Sinema before progressives completely back down. President Biden is fully invested in this process, holding what seems like daily conversations at the White House and by phone with each faction of his party. As Democrats look to trim the reconciliation bill, the outlook and the process is still yet to be determined. **This is what you can count on: we will be talking about reconciliation through October— and potentially up to the holidays.**

Follow Yasmin on Twitter: [@YasminRNelson](https://twitter.com/YasminRNelson)

Document Library

Background Material

For the Congressional Research Service report on “The Senate’s ‘Byrd Rule’” click [HERE](#).

Provisional Text

For a preliminary budget reconciliation framework signed by Sen. Joe Manchin (D-WV) and Sen. Majority Leader Chuck Schumer (D-NY) on July 28 click [HERE](#).

For the House Committee on the Budget’s full text of the Build Back Better Act click [HERE](#).

- For Part 1 of the House Committee on the Budget’s report on the Build Back Better Act click [HERE](#).
- For Part 2 of the House Committee on the Budget’s report on the Build Back Better Act click [HERE](#).
- For Part 3 of the House Committee on the Budget’s report on the Build Back Better Act click [HERE](#).

For the summary of the Senate budget resolution click [HERE](#).

- For the text of the Senate budget resolution click [HERE](#).
- For the committee print to accompany the FY22 budget resolution click [HERE](#).
- For Senate Majority Leader Chuck Schumer’s (D-NY) dear colleague letter regarding the climate impacts of the budget resolution click [HERE](#).

For the summary of the House budget resolution click [HERE](#).

- For the text of House Resolution advancing the bipartisan infrastructure agreement, the Senate budget resolution, and H.R. 4 the John R. Lewis Voting Rights Advancement Act of 2021 click [HERE](#).

For a summary of Sen. Ron Wyden’s (D-OR) proposals for tighter tax rules on partnerships and an excise tax on stock buybacks click [HERE](#).

- For the text of Sen. Wyden’s proposals click [HERE](#).

Markups

Agriculture: For the text of the House Agriculture Committee print containing legislative proposals click [HERE](#).

- For a summary of the proposals click [HERE](#).

Education and Labor: For the text of the House Committee on Education & Labor print containing legislative proposals click [HERE](#).

- For an amendment in the nature of a substitute offered by Chairman Bobby Scott (D-VA) click [HERE](#).

Energy and Commerce: For a fact sheet of the House Committee on Energy and Commerce markup of the Build Back Better Act click [HERE](#).

- For a memorandum on the markup click [HERE](#).
- For Subtitle A on Air Pollution click [HERE](#).
- For Subtitle B on Hazardous Materials click [HERE](#).
- For Subtitle C on Drinking Water click [HERE](#).
- For Subtitle D on Energy click [HERE](#).
- For Subtitle E on Drug Pricing click [HERE](#).
- For Subtitle F on Affordable Care Coverage click [HERE](#).
- For Subtitle G on Medicaid click [HERE](#).
- For subtitle H on CHIP click [HERE](#).
- For subtitle I on Medicare click [HERE](#).
- For subtitle J on Public Health click [HERE](#).
- For subtitle K on Next Generation 9-1-1 click [HERE](#).
- For subtitle L on Wireless Connectivity click [HERE](#).
- For subtitle M on Distance Learning click [HERE](#).
- For subtitle N on the Manufacturing Supply Chain click [HERE](#).
- For subtitle O on FTC Privacy Enforcement click [HERE](#).
- For subtitle P on the Department of Commerce Inspector General click [HERE](#).
- For a full committee action summary click [HERE](#).

Financial Services: For the text of the House Committee on Financial Services click [HERE](#).

- For an amendment in the nature of substitute offered by Chairwoman Maxine Waters (D-CA) click [HERE](#).
- For the committee Memorandum click [HERE](#).
- For the text of H.R. 5195, the “Native American Housing Assistance and Self-Determination Reauthorization Act of 2021” click [HERE](#).
- For the text of H.R. 5196, the “Expediting Assistance to Renters and Landlords Act of 2021” click [HERE](#).

Homeland Security: For the committee print of the reconciliation of the House Homeland Security Committee print containing legislative proposals click [HERE](#).

- For the amendments adopted click [HERE](#).

Judiciary: For the text of the House Committee on the Judiciary print containing legislative proposals click [HERE](#).

- For an amendment in the nature of a substitute offered by Chairman Jerrold Nadler (D-NY) click [HERE](#).

Natural Resources: For the text of the House Natural Resources Committee print containing legislative proposals click [HERE](#).

Science, Space, and Technology: For the committee print of the House Science, Space, and Technology Committee print containing legislative proposals click [HERE](#).

- For an amendment in the nature of a substitute offered by Chairwoman Eddie Bernice Johnson (D-TX) click [HERE](#).

Small Business: For the text of the House Committee on Small Business print containing legislative proposals click [HERE](#).

- For an amendment in the nature of a substitute offered by Chairwoman Nydia Velázquez (D-NY) click [HERE](#).

Transportation and Infrastructure: For the text of the House Transportation and Infrastructure Committee print containing legislative proposals click [HERE](#).

- For the amendment in nature of a substitute click [HERE](#).

Ways and Means: For a summary of the House Ways and Means Committee markup of the Build Back Better Act click [HERE](#).

- For a memorandum on the markup click [HERE](#).
- For a section-by-section summary of subtitles A-E click [HERE](#).
 - For Subtitle A on Universal Paid Family and Medical Leave click [HERE](#).
 - For Subtitle B on Retirement click [HERE](#).
 - For Subtitle C on Child Care Access and Equity click [HERE](#).
 - For Subtitle D on Trade Adjustment Assistance click [HERE](#).
 - For Subtitle E, Part 1 on Health Careers click [HERE](#). For Part 2 on Elder Justice click [HERE](#). For Part 3 on Skilled Nursing Facilities click [HERE](#). For Part 4 on Medicare Dental, Hearing, and Vision Coverage click [HERE](#).
- For a section-by-section summary of Subtitle F-J click [HERE](#).
 - For legislative recommendations relating to infrastructure financing, green energy, social safety net, and prescription drugs click [HERE](#).
 - For the estimated budgetary effects of the revenue provisions from the Joint Committee on Taxation click [HERE](#).
 - For the estimated distributional effects of the revenue provisions from the Joint Committee on Taxation click [HERE](#).
 - For a description of the Chairman’s Amendment in the Nature of a Substitute from the Joint Committee on Taxation click [HERE](#).
 - For a summary of Subtitle F on Infrastructure from the Joint Committee on Taxation click [HERE](#).
 - For a summary of Subtitle G on Green Energy from the Joint Committee on Taxation click [HERE](#).
 - For a summary of Subtitle H on the Social Safety Net from the Joint Committee on Taxation click [HERE](#).
 - For a summary of Subtitle J on Drug Pricing from the Joint Committee on Taxation click [HERE](#).

- For a section-by-section summary of Subtitle I click [HERE](#).
 - For legislative recommendations relating to Funding Our Priorities click [HERE](#).
- For the Joint Committee on Taxation’s estimated budgetary effects of legislative recommendations relating to infrastructure financing and community development, green energy, social safety net, responsibly funding our priorities, and drug pricing click [HERE](#).
- For the final vote results click [HERE](#).

Letters

For a letter for Senate Majority Leader Chuck Schumer on the environmental benefits of the infrastructure bill and reconciliation bill see [HERE](#).

For Senator Joe Manchin’s Opinion piece calling for a strategic pause on spending click [HERE](#).

For a letter from Rep. Stephanie Murphy (D-FL) and Rep. Henry Cuellar (D-TX) rejecting deficit spending except on climate policy click [HERE](#).

For a letter from Democrats calling for increased support for biofuels click [HERE](#).

For a letter from House Democrats supporting the Polluter Pays Climate Fund Act click [HERE](#).

For a letter from House Democrats supporting an array of international tax provisions see [HERE](#).

For a letter from Democratic governors supporting the budget reconciliation bill click [HERE](#).

For an endorsement of the environmental provisions from a coalition of environmental groups see [HERE](#).

For a letter from the United Mine Workers of America opposing the initial proposal for a Clean Electricity Standard click [HERE](#).

For a letter from America’s Power opposing the Clean Electricity Performance Program click [HERE](#).

For a letter from the National Rural Electric Cooperative Association opposing the Clean Electricity Performance Program click [HERE](#).

For a letter from the American Public Power Association opposing the Clean Electricity Performance Program click [HERE](#).

For a letter from America Electric Power opposing the Clean Electricity Performance Program click [HERE](#).

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