

# **Policy Resolution Group Reconciliation & Infrastructure Update**

# March 4, 2022

Please find below the latest edition 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
- The Breakdown with Yasmin Nelson
- Document Library

## State of Infrastructure and Reconciliation Negotiations

Informal negotiations on a pared down reconciliation package picked back up this week after President Biden's first official State of the Union (SOTU). President Biden used his speech to highlight domestic priorities that Senator Joe Manchin (D-WV) had previously ruled out in any sort of reconciliation package that could get his support, such as the Child Tax Credit. Post speech, Manchin focused his comments on how he would approach those provisions in a new reconciliation package. However, Manchin returned to the Capitol on Wednesday and indicated that he is still open to a slimmed down reconciliation package that includes climate spending, drug pricing reform, and rolling back the 2017 tax cuts. He noted that while formal negotiations are not occurring at this time, conversations are still happening. While there is some hope that a deal could be reached before summer, Democrats in Congress and the President will have to address other pressing issues such as the international crisis in Ukraine and government funding before they can turn their full attention to accomplishing President Biden's domestic agenda.

# **Liam Donovan's Bottom Line**

This week President Biden used his first official State of the Union address to reframe his domestic agenda around fighting inflation, employing subtle rhetorical shifts to emphasize elements of the erstwhile Build Back Better package that may yet find purchase with Senator Joe Manchin (D-WV). While Manchin initially reacted coolly to the speech when pressed by reporters, by the next day he made clear what he viewed as a potential path forward, echoing a number of the components highlighted by Biden, while laying out for the first time what might satisfy his deficit reduction concerns. Meanwhile, Senator Ben Ray Lujan (D-NM) returned to the chamber on Thursday,

entering a Commerce committee hearing to a warm ovation, and restoring the Democratic caucus to the full strength necessary to pass any partisan measures, reconciliation included.

With the war in Eastern Europe re-orienting Biden's address around weighty international themes, the abbreviated domestic policy portion was relegated to the latter half of the speech, with its elements proposed not as a transformative suite of progressive policy goals as in the 2021 joint session, but rather recast as the President's plan for fighting inflation, reducing costs, and as he put it "building a better America," a not-so-subtle nod to the original proposal.

The first pillar of Biden's plan centered around cutting healthcare costs, namely by enacting prescription drug price reforms favored by Manchin, as well as Affordable Care Act (ACA) premium support, a key Democratic priority.

Second, cutting energy costs via climate investments and clean energy incentives, which Biden indicated would save \$500 per family. Manchin has repeatedly indicated his openness to this portion of the Build Back Better effort, which has long been presumed to make up the core of any resuscitated reconciliation package.

Third, cutting costs on families via childcare and early education programs, a fundamental plank of BBB, but one that Manchin has expressed resistance to of late.

Biden went on to name-check various other long shot proposals, but the prioritization was unmistakable to anyone who has been following this process as closely as readers of this space.

The speech was less explicit as to how these policies might be paid for, citing the 15% corporate minimum tax on book income, the separate global minimum tax being negotiated at the OECD level, and unspecified loophole closures on wealthy taxpayers.

The rhetorical sops to Manchin were subtle if not downright coded, and the obligatory mention of policies he has publicly ruled out, such as the expanded Child Tax Credit, no doubt informed the irksome response immediately following the speech. But by Wednesday morning, Manchin had given his most positive and explicit statement on reconciliation yet, outlining what he would like to see in any such bill.

In an interview with <u>POLITICO</u>, Manchin reiterated his emphasis on any reconciliation bill as a tax reform effort, paring back what he sees as the excesses of the 2017 tax cuts. Along with prescription drug reform savings, he told the publication, these tax changes would produce a pool of revenue that could be split evenly between deficit reduction and Democratic policy priorities, specifically climate.

Notably, Senator Kyrsten Sinema (D-AZ), the other perennial squeaky wheel within the caucus, expressed openness in the same piece, with her office pointing out that any such proposal "already has enough tax reform options to pay for it." Indeed, with a total of roughly \$2 trillion in offsets cobbled together around her revenue concerns, the only real question is which funding mechanisms would stay or go.

While it's still not clear how or when Democrats might seek to engage Manchin on these terms, early indications suggest that key party members would be on board. Progressive Caucus chair Pramila Jayapal (D-WA), a leading voice in the House stand against the bipartisan infrastructure bill and long a BBB maximalist, indicated that her members wanted to achieve as much as possible by

whatever means, including the approach suggested by Manchin, <u>stating that</u> "progressives are absolutely committed to trying to deliver as much as [they] can." The Manchin approach also won positive comments from leading progressives like Senator Elizabeth Warren (D-MA) and Jayapal deputy Rep. Katie Porter, along with Democratic whip Senator Dick Durbin (D-IL).

While the proportions laid out by Manchin are sure to cause heartburn within the administration and the democratic caucus, some level of deficit reduction is clearly something with support throughout the party, and the mere fact of the West Virginia Senator publicly validating the possibility of a reconciliation package while acknowledging conversations with the White House, however informal, is a notable development. But with the immediate term dominated the crisis in Ukraine, government funding deadlines, and an historic Supreme Court nomination, no formal movement is likely until late April at the earliest, making the month of May critical for some sort of breakthrough.

### The Breakdown with Yasmin Nelson

President Biden's State of the Union provided a glimmer of hope to his pared-down version of the Build Back Better proposal. While the President attempted to walk a tightrope in uniting the country, he also had to discuss how to move legislation on Capitol Hill in today's political environment. Biden, historically a moderate Democrat, has long preferred to push bipartisan legislation across the finish line but is now met with a fractured Democratic party. The Progressive bloc makes up a large portion of the party and yields considerable influence. For President Biden, this SOTU was a balancing act of painting Democrats as a unified party that ultimately shares the same goals, while somehow not alienating anyone. However, this tightrope ended with many seemingly hoping for more.

The SOTU laid out three core key elements to the skinny BBB: 1) climate, 2) prescription drugs, and 3) childcare, effectively eliminating major progressive priorities like housing relief, student loans relief, extended childcare tax credit, and eldercare funding. Congresswoman Alexandria Ocasio-Cortez (D-NY) praised the President's speech and his work in trying to unite the party yet suggested that there were some obvious wins that Biden could easily achieve. She mentioned that his speech spent too little time on certain Democratic priorities like immigration. Although not the preferred policy of the progressive wing of the Democrat party, they have reluctantly conceded that something is better than nothing and want Senator Manchin (D-WV) back at the negotiating table. This left many to ask, – "What does Manchin need to get to yes?" Fast forward to Thursday morning, and Manchin answers that question: lower the deficit and permanently fund new programs under the \$1.7 trillion price tag. Manchin's revenue-raising measures would be taxes (including green taxes) and prescription drug reform, while the social spending side would include climate provisions, things all Democrats can support. However, Manchin has also stated that the bill will have to look different now that Russia has invaded Ukraine. Clean energy investments are still on the table, but Manchin wants domestic oil, gas, and coal production to ensure American independence from foreign countries like Russia and even went so far as to introduce a bill banning Russian energy imports. The White House disagrees with Manchin on banning oil imports from Russia, stating that that move would further increase the pain at the pump for Americans when gas prices are already high.

Senator Kyrsten Sinema (D-AZ) enters the chat supporting a much narrower proposal that avoids changes to individual and corporate tax rates. She supports a targeted proposal, which would ensure that corporations pay their share "while not increasing costs on small businesses or everyday Americans already hurting from inflation." The increased revenue from individual or

corporate rate changes is likely not needed with this much smaller version of the "Building America Better" proposal. Therefore, if the White House and Democratic leadership stick to the two-prong approach Manchin laid out, reconciliation may become a reality in just a few weeks— that's if foreign affairs with Russia and Ukraine doesn't escalate.

Yet, there is still much to be resolved - will progressives figure out a plan B for the extended Child Tax Credit or continue to push Manchin on it? Manchin has made clear that he isn't changing his mind without the program being fully funded for 10 years. However, with about 8 months until the midterms, some liberals are hoping for a fighting chance.

### **Document Library**

### **New Relevant Documents**

For a memo issued by Patrick Gaspard, CEO of the Center for American Progress Action Fund urging Democratic offices to pass a skinner version of the Build Back Better plan click <u>HERE</u>.

### **Bill Text and Summaries**

For the House Committee on Rules information page on the Build Back Better Act, including recordings of committee meetings and proposed amendments click <u>HERE</u>.

House Bill Text and Comparisons:

- For the House Rules Committee Print of the Build Back Better Act released on November 3 click HERE.
- For the 1<sup>st</sup> Manager's Amendment adopted and agreed to on November 6, 2021 click HERE.
- For the 2<sup>nd</sup> Manager's Amendment adopted and agreed to on November 18, 2021 click HFRF.
- For a comparative print between the November 3 print and the October 28 print click HERE.
- For a comparative print between the November 3 print and the initial text of H.R. 5376 click HERE.
- For the House Committee on Rules page on the Build Back Better Act, including announcements, videos, bill text, amendments, and votes click HERE.

#### Senate Bill Text:

- For the Senate legislative text for "Title I Committee on Agriculture, Nutrition, and Forestry" click <u>HERE</u>.
- For the Senate legislative text for "Title II Committee on Health, Education, Labor, and Pensions" click <u>HERE</u>.
- For the Senate Legislative Text for "Title III Committee on Environment and Public Works" click <u>HERE</u>.
- For the Senate legislative text for "Title IV Committee on Banking, Housing, and Urban Affairs" click HERE.
- For the Senate legislative text for "Title V Committee on Homeland Security and Governmental Affairs" click <u>HERE</u>.

- For the Senate legislative text for "Title VII Committee on Energy and Natural Resources" click HERE.
- For the Senate legislative text for "Title VIII Committee on Commerce, Science, and Transportation" click HERE.
- For the Senate legislative text for "Title IX Committee on Indian Affairs" click <u>HERE</u>.
- For the Senate legislative text for "Title X Committee on Small Business and Entrepreneurship" click <u>HERE</u>.
- For the Senate legislative text for "Title XI Committee on Veterans' Affairs" click HERE.
- For the Senate legislative text for "Title XII Committee on Finance" click HERE.

### Summaries and Fact Sheets:

- For a section-by-section summary of the Build Back Better Act click <u>HERE</u>.
- For a fact sheet on the agriculture provisions in the Build Back Better Act click HERE.
- For a fact sheet on the homeland security provisions in the Build Back Better Act click HERE.
- For a fact sheet on the science, space, and technology provisions in the Build Back Better Act click HERE.
- For a fact sheet on the energy & commerce provisions in the Build Back Better Act click HERE.
- For a fact sheet on the judiciary provisions in the Build Back Better Act click <u>HERE</u>.
- For a fact sheet on the small business provisions in the Build Back Better Act click HERE.
- For a fact sheet on the education & labor provisions in the Build Back Better Act click HERE.
- For a fact sheet on the natural resources provisions in the Build Back Better Act click <u>HERE</u>.
- For a fact sheet on the financial services provisions in the Build Back Better Act click HERE.
- For a fact sheet on the oversight and reform provisions in the Build Back Better Act click HERE.
- For a fact sheet on the transportation & infrastructure provisions in the Build Back Better Act click HERE.
- For a fact sheet on the veterans' affairs provisions in the Build Back Better Act click HERE.
- For a fact sheet on the ways & means provisions in the Build Back Better Act click HERE.

# **Budgetary Effects**

For the Congressional Budget Office's summary of the cost estimate for H.R. 5376, the Build Back Better Act, click HERE.

For a December 8 update from the Congressional Budget Office on the budgetary effects of the Build Back Better Act, click <u>HERE</u>.

For the Congressional Budget Office's report on the budgetary effects of making specified policies in the Build Back Better Act permanent, click <u>HERE</u>.

#### House bill:

- For the Congressional Budget Office's estimated budgetary effects of the Homeland Security provisions in the Build Back Better Act click <u>HERE</u>.
- For the Congressional Budget Office's estimated budgetary effects of the Small Business provisions in the Build Back Better Act click <u>HERE</u>.

- For the Congressional Budget Office's estimated budgetary effects of the Veterans Affairs
  provisions in the Build Back Better Act click HERE.
- For the Congressional Budget Office's estimated budgetary effects of the Science, Space, and Technology provisions in the Build Back Better Act click <u>HERE.</u>
- For the Congressional Budget Office's estimated budgetary effects of the Transportation and Infrastructure provisions in the Build Back Better Act click <u>HERE.</u>
- For the Congressional Budget Office's estimated budgetary effects of the Oversight and Reform provisions in the Build Back Better Act click <u>HERE.</u>
- For the Congressional Budget Office's estimated budgetary effects of the Financial Services
  provisions in the Build Back Better Act click <u>HERE</u>.
- For the Congressional Budget Office's estimated budgetary effects of the Energy and Commerce provisions in the Build Back Better Act click HERE.
- For the Congressional Budget Office's estimated budgetary effects of the Judiciary provisions in the Build Back Better Act click HERE.
- For the Congressional Budget Office's estimated budgetary effects of the Ways and Means provisions in the Build Back Better Act click <u>HERE</u>.
- For the Congressional Budget Office's estimated budgetary effects of the Education and Labor provisions in the Build Back Better Act click HERE.
- For the Congressional Budget Office's estimated budgetary effects of the Natural Resources provisions in the Build Back Better Act click HERE.
- For the Congressional Budget Office's estimated budgetary effects of the Agriculture provisions in the Build Back Better Act click <u>HERE.</u>

### Senate bill:

- For the Congressional Budget Office's estimated budgetary effects of the Senate's "Title I

   Committee on Agriculture, Nutrition, and Forestry" of the Build Back Better Act click
   HERE.
- For the Congressional Budget Office's estimated budgetary effects of the Senate's "Title II

   Committee on Health, Education, Labor, and Pensions" of the Build Back Better Act click
   HERE.
- For the Congressional Budget Office's estimated budgetary effects of the Senate's "Title III
   Committee on Environment and Public Works" of the Build Back Better Act click HERE.
- For the Congressional Budget Office's estimated budgetary effects of the Senate's "Title
  IV Committee on Banking, Housing, and Urban Affairs" of the Build Back Better Act click
  HERE.
- For the Congressional Budget Office's estimated budgetary effects of the Senate's "Title V

   Committee on Homeland Security and Governmental Affairs" of the Build Back Better Act click <u>HERE</u>.
- For the Congressional Budget Office's estimated budgetary effects of the Senate's "Title VII - Committee on Energy and Natural Resources" of the Build Back Better Act click HERE.
- For the Congressional Budget Office's estimated budgetary effects of the Senate's "Title VIII - Committee on Commerce, Science, and Transportation" of the Build Back Better Act click <u>HERE.</u>
- For the Congressional Budget Office's estimated budgetary effects of the Senate's "Title IX Committee on Indian Affairs" of the Build Back Better Act click HERE.
- For the Congressional Budget Office's estimated budgetary effects of the Senate's "Title X

   Committee on Small Business and Entrepreneurship" of the Build Back Better Act click
   HERE.

- For the Congressional Budget Office's estimated budgetary effects of the Senate's "Title XI Committee on Veterans' Affairs" of the Build Back Better Act click <u>HERE.</u>
- For the Joint Committee on Taxation's preliminary review of estimated budgetary effects of the Senate's "Title XII Committee on Finance" of the Build Back Better Act click HERE.

### Other Budgetary Estimates:

- For the Joint Committee on Taxation's Estimated Budget Effects of the Build Back Better Act click HERE.
- For the White House's preliminary budgetary estimates of the Build Back Better Act click HERE.
- For a Dear Colleague Letter from the Speaker of the House issued on November 4 regarding the preliminary budget estimate of the Build Back Better Act click HERE.

#### October 28 Text

For the House Rules Committee Print of the Build Back Better Act released on October 28 click HERE.

For a section-by-section summary of the Build Back Better Act click **HERE**.

For the Build Back Better Framework released on October 28 click <u>HERE</u>.

For the White House fact sheet on the Build Back Better Framework released on October 28 click HERE.

#### **September 27 Text**

For the text of H.R. 5376 the Build Back Better Act as reported by the House Committee on the Budget on September 27 click HERE.

For the report from the Committee on the Budget to accompany H.R. 5376 click HERE.

# **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 <u>HERE</u>.
- For Part 3 of the House Committee on the Budget's report on the Build Back Better act click <u>HERE</u>.

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 <u>HERE</u>.

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 <u>HERE</u>.

**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 <u>HERE</u>.

- 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 <u>HERE</u>.
- 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 <u>HERE</u>.
- For subtitle L on Wireless Connectivity click <u>HERE</u>.
- 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 <u>HERE</u>.

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 <u>HERE</u>.

**Judiciary:** For the text of the House Committee on the Judiciary print containing legislative proposals click <u>HERE</u>.

 For an amendment in the nature of a substitute offered by Chairman Jerrold Nadler (D-NY) click <u>HERE</u>.

**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 <u>HERE</u>.

• 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 <u>HERE</u>.

**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 <u>HERE</u>.

**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 <u>HERE</u>.
  - o For Subtitle A on Universal Paid Family and Medical Leave click <u>HERE</u>.
  - o For Subtitle B on Retirement click HERE.
  - For Subtitle C on Child Care Access and Equity click HERE.
  - o For Subtitle D on Trade Adjustment Assistance click HERE.
  - For Subtitle E, Part 1 on Health Careers click <u>HERE</u>. For Part 2 on Elder Justice click <u>HERE</u>. For Part 3 on Skilled Nursing Facilities click <u>HERE</u>. For Part 4 on Medicare Dental, Hearing, and Vision Coverage click <u>HERE</u>.
- 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 <u>HERE</u>.
  - For the estimated budgetary effects of the revenue provisions from the Joint Committee on Taxation click <u>HERE</u>.

- 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 <u>HERE</u>.
  - o 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 <u>HERE</u>.

### **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 <u>HERE</u>.

For a letter from House Democrats supporting the Polluter Pays Climate Fund Act click <u>HERE</u>.

For a letter from House Democrats supporting an array of international tax provisions see <u>HERE</u>.

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 <u>HERE</u>.

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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