

Look Ahead: Fall Preview of Key Biden Administration Initiatives

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The second half of 2021 will be a busy stretch for Congress. In addition to the typical must-pass legislation, Democrats controlling both chambers and the White House are committed to several big spending bills, too. What follows is a rundown of these bills, what's included in them, and how we can expect them to play out.

• **Bipartisan Infrastructure Bill**

- o \$1 trillion in spending, including **\$550 billion** in new federal money for hard infrastructure.
- o Bill also includes must-pass **Surface Transportation Reauthorization Act**.
- o On August 10, the Senate passed the bill by a vote of 69 to 30. Speaker Pelosi has set a deadline of September 27 for the House to pass the infrastructure bill.
- o New spending includes: \$110 billion for roads, \$66 billion for rail, \$73 billion for power infrastructure, \$65 billion for broadband, \$55 billion for water infrastructure, \$50 billion for resiliency measures (including cybersecurity), \$25 billion for airports, \$17 billion for ports and waterways, \$11 billion for safety, and \$15 billion for low-carbon, zero-emission, and electric vehicles.
- o Pay-fors include: delaying Part D rebate rule, IRS reporting requirements for digital asset transactions, reinstating certain Superfund fees.
- o **INDUSTRIES IMPACTED**: construction/engineering, energy, cybersecurity, cryptocurrency, pharmaceuticals and PBMs.

• **Democratic Stimulus Bill**

- o Democrats, including Speaker Pelosi, are demanding a second, partisan spending bill be passed alongside the bipartisan infrastructure bill.
- o This bill must be passed via budget reconciliation to avoid the need for any Republican votes in the Senate. Reconciliation is a limited process and not all policy priorities can be advanced within it. In the early morning hours of August 11, the Senate passed a \$3.5 trillion budget resolution, paving the way for Democrats to craft a bill with that topline number. The House passed the budget resolution by a vote of 220-212 earlier this week – setting up the table for the reconciliation bill in the fall.
- o Priorities include those President Biden outlined in the **American Families Plan** and parts of the **American Jobs Plan** which will not be incorporated into the bipartisan infrastructure bill.
- o Democrats are still negotiating, but priorities in the mix include: universal pre-K, free community college, extending the child tax credit, additional funding for home and community-based health care services, clean energy tax incentives, policy to lower prescription drug prices, immigration reform, Medicaid expansion in states which refused under ACA, Medicare expansion (lower eligibility age, more benefits), worker protections, and universal paid family and medical leave.
- o Democrats have not committed to fully offsetting the bill, but some pay-fors, likely in the form of corporate or high-income tax increases, are inevitable. President Biden and congressional leaders have committed not to raise taxes on Americans earning less than \$400,000.

• **FY22 Appropriations**

- o Congress must pass legislation funding the operation of the federal government before the end of the fiscal year in September. While the House began the process in June, the Senate has not. The most likely scenario is one or a series of temporary spending bills (continuing resolutions or CRs), extending federal funding at current levels until the end of the year. In December, Congress will pass one or several larger spending bills (omnibus or minibus) to fund the government.
- o President Biden's budget request included more than \$1.5 trillion in discretionary funding, an 8.6% increase over FY21.
- o Typically, year-end spending packages include many unrelated pieces of legislation. Among those this year will be tax extenders (20 or so incentives which sunset at the end of 2021).

• **U.S. Innovation and Competition Act**

- o Approved by the Senate in a bipartisan vote of 68-32 in June, this legislation is aimed at advancing U.S. scientific innovation in the face of growing threats from China. The bill is made up of a number of other legislative measures that were combined to create the **U.S. Innovation and Competition Act (USICA)**.
- o The bill funds provisions from the **CHIPS Act** which was passed last year as part of the annual National Defense Authorization Act to support the semiconductor industry.
- o It also includes the **Endless Frontiers Act**, highlights of which include the creation of a new Directorate of Technology and Innovation, increased funding for the National Science Foundation,

- creation of regional Technology Hubs, creation of a supply chain resiliency program, and expansion of the Commerce Department's **Manufacturing Extension Partnership**.
- Also included was trade language to renew the Generalized System of Preferences, approve the most recent Miscellaneous Tariff Bill and authorization of two more future MTB rounds, and reinstatement through the end of 2022 of all expired Section 301 tariff exclusions for goods imported from China and creation of a new Section 301 exclusion process.
 - The USICA has been sent to the House of Representatives for consideration; however, the House will pursue its own bills addressing issues in the USICA, such as China and competitiveness, including the **National Science Foundation for the Future Act** (approved by the House on June 28), the **Department of Energy Science for the Future Act** (approved by the House on June 28), and the **Ensuring American Global Leadership and Engagement Act** (approved by the House Foreign Affairs Committee on July 15).
- **Debt Ceiling**
 - The federal debt limit – more commonly referred to as the debt ceiling – is the maximum amount of debt the Treasury Department is authorized to issue to the public or to federal agencies.
 - The **Bipartisan Budget Act of 2019** suspended the debt ceiling until July 31, 2021.
 - Earlier this month, with that suspension expiring, the Treasury Department initiated what are referred to as “extraordinary measures” to ensure that the federal government does not exceed the allowable amount of debt.
 - The Congressional Budget Office estimates that the ability to use extraordinary measures will last until sometime in October or early November, making resolution of this matter a top priority when Congress returns from the August recess.
 - **National Defense Authorization Act**
 - The first National Defense Authorization Act (NDAA) was approved in 1961 for fiscal year 1962 and Congress has never failed to approve this annual authorization measure. This year marks the 61st NDAA and there is every expectation that Congress will continue to stick to its track record in approving the annual bill.
 - The Senate Armed Services Committee approved its **version of the NDAA** on July 22 in a bipartisan vote of 23-3.
 - House Armed Services subcommittee markups of the **NDAA** were held on July 28 and 29, and the full committee is scheduled to markup the bill on September 1.
 - The Senate bill supports a total of \$777.9 billion in fiscal year 2022 funding for national defense. Within this topline, the legislation authorizes \$740.3 billion for the Department of Defense (DOD) and \$27.7 billion for national security programs within the Department of Energy (DOE). This legislation, like the President's budget request, does not include a separate Overseas Contingency Operations (OCO) request – any war-related costs are included in the base budget.
 - Once the House and Senate approve their FY22 NDAA's, the two versions will be reconciled to address any differences before final passage before year end.

Authors