

Government Affairs Update October 1, 2021



Tensions have been running high in Washington this week as Congress considers the bipartisan infrastructure bill, budget reconciliation, federal appropriations, and a debt limit increase. And while Congress voted yesterday to avoid a government shutdown and punted on the debt ceiling, the bipartisan infrastructure bill vote has been pushed off to as early as today as House and Senate Democratic Leadership and the White House failed to reach an agreement on the budget reconciliation package late Thursday night. Though negotiations are set to continue, the transportation reauthorization included in the infrastructure bill did not pass before programs expired at midnight.

Below are some details of yesterday's proceedings.

Infrastructure Bill and Reconciliation

After weeks of negotiating between Democratic party progressives and moderates, Congressional leadership and the White House, the bipartisan infrastructure bill vote was postponed again after Democrats failed to strike a deal at day's end. As we have shared with you previously, Democratic leadership has acceded to demands from progressives that the House passage of the bipartisan infrastructure bill is contingent on a budget reconciliation agreement of up to \$3.5 trillion in social infrastructure spending, which encompasses President Biden's "Build Back Better" agenda.

While reconciliation has always been a non-starter for Republicans, the seemingly "all or nothing" approach, tying the two pieces of legislation together has since lessened support for the infrastructure bill from Republicans as the vote draws nearer, putting even greater pressure on Democrats to bring together moderates and progressives.

Time will tell if an agreement can be reached today, or if the vote will be pushed off yet again. We'll keep you apprised.

Transportation Reauthorization and Anticipated Impacts

If you'll recall, the infrastructure bill would provide roughly \$550 billion in proposed new spending above "baseline" levels. That baseline includes a reauthorization of surface transportation funding and programs, which were previously authorized by the FAST Act. With the infrastructure bill vote postponed, and no short-term extension approved, as of today the FAST Act has expired and Highway Trust Fund spending authority has lapsed.

Though the US Department of Transportation (USDOT) has released a <u>revised shutdown plan</u>, which includes conditions in the case of a lapsing transportation authorization, if the lapse in authorization continues, USDOT may begin to see impacts if an extension or infrastructure bill is not passed. However, in the short term, the expiration of authorization is not expected to meaningfully impact the flow of federal funding to states, though roughly 4,000 USDOT employees could be furloughed.

With a draft authorization extension bill being prepared, it is possible that if infrastructure and reconciliation negotiations fall through, a short-term extension may be passed to avoid further impact on transportation programs and funding. If an extension is not passed and negotiations continue over the course of the next few days or weeks, furloughed employees and other impacts to USDOT could potentially increase the desire to pass the infrastructure bill, and or reconciliation. But again, only time will tell.

Federal appropriations and Debt Limit

With the federal fiscal year ending and a government shutdown looming over the body, Congress voted Thursday to pass the Extending Government Funding and Delivering Emergency Assistance Act (H.R. 5305), a stopgap spending bill to fund federal government operations through December 3rd. In addition to funding appropriations in the short-term, the resolution allocates \$28.6 billion in disaster assistance to communities impacted by recent extreme weather events and provides \$6.3 billion to support Afghan resettlement efforts. Not included in the resolution, however, was a provision to increase the federal debt limit, which Congress must now address prior to October 18th in order to avoid what Treasury Secretary Janet Yellen has indicated is the date in which the U.S. would default on its debt obligations. Republican leadership has acknowledged that the debt ceiling needs to be raised to cover prior incorrect obligations, but they will not vote to support such an increase, insisting instead that Democrats authorize the increase. We anticipate Congress will continue to work towards a solution on the debt limit and a final appropriations act over the coming weeks and months.

We will continue to keep you updated with today's scheduled vote of the infrastructure bill. Until then, please let me know if you have any questions.

Best,

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