

FY2022 Budget Reconciliation



September 2021

BUILD BACK BETTER

In August, both the House and the Senate passed the FY2022 Budget Resolution instructing their committees to prepare legislation to make significant investments in America's families, job creation, and to address the ongoing climate crisis.

The \$3.5 trillion in investments is based on President Biden's American Jobs Plan and American Families Plan.

The plan would be fully offset through new tax revenues from the wealthy, health savings and long-term economic growth.

The following summary is based on the proposal as it currently stands. It is subject to modifications as we move through the legislative process.

COMMITTEE INSTRUCTIONS

- Agriculture, Nutrition, and Forestry: \$135 billion
- Banking, Housing, and Urban Affairs: \$332 billion
- Commerce, Science, and Technology: \$83 billion
- Energy and Natural Resources: \$198 billion
- Environment and Public Works: \$67.3 billion
- Finance Committee: \$1.78 trillion*
- Health, Education, Labor, and Pensions: \$726.4 billion
- Homeland Security and Governmental Affairs: \$37 billion
- Judiciary Committee: \$107.5 billion
- Indian Affairs Committee: \$20.5 billion
- Small Business Committee: \$25 billion
- Veterans Affairs' Committee: \$18 billion

* This is the proposed level of investment. The Finance Committee was given a net \$1B deficit reduction instruction because they also must produce significantly more in revenue offsets in the bill.

THE AMERICAN JOBS PLAN: AGRICULTURE COMMITTEE

Climate smart forestry and conservation (75.75 billion).

- *This funding will support efforts to combat climate change through the restoration of our forests, climate smart agriculture practices, and incentives to reduce carbon emissions.*

Child nutrition (\$34.5 billion).

- *This funding will fight child hunger by providing more children free school meals during the school year and expanding the successful Summer EBT pilot nationwide.*

Rural Development (\$18.79 billion)

- *This funding will support local economic development in small towns and rural communities and help businesses and farmers with cost-effective clean energy opportunities.*

THE AMERICAN JOBS PLAN: BANKING AND HOUSING COMMITTEE

Increase Supply of Affordable Housing (\$82 billion)

- *This funding will provide unprecedented resources to increase the supply of affordable housing across America through programs like the Housing Trust Fund, HOME, and the Capital Magnet Fund.*

Improve Housing Affordability & Equity (\$100 billion)

- *These funds will provide assistance to help families, including first-time and first-generation homebuyers, obtain and retain safe and affordable housing through down payment assistance, housing vouchers and other assistance for low-income renters, and other homeownership initiatives.*

Create Sustainable & Equitable Communities (\$47 billion)

- *This bill will allow for historic investments in not just housing but in surrounding communities through initiatives like Community Land Trusts, investments in CDBG, zoning, land use, and investments to expand transit access to affordable housing and create healthy and sustainable housing.*

Public Housing Capital Investments and Sustainability (\$80 billion)

- *These funds will provide necessary resources to allow public housing authorities across the country to rehabilitate, retrofit, and make properties sustainable after decades of underinvestment.*

THE AMERICAN JOBS PLAN: COMMERCE AND EPW COMMITTEES

High speed rail (\$10 billion)

- *This funding will modernize and improve existing tracks and connect new city pairs with technology promoting safety and electrification.*

Internet affordability and advanced communications (\$11 billion)

- *This funding will provide millions of working class families with connected devices, extend the successful FCC remote learning program, modernize the nation's 9-1-1 call centers, explore long-term solutions to make broadband more affordable for all Americans, and ensure global leadership in future generations of wireless networks.*

Clean Technology Accelerator (\$27.5 billion)

- *This bill will capitalize national non-profit investment institutions that leverage private capital to deploy clean technologies, focused on low-income disadvantaged communities that lack access to capital.*

THE AMERICAN JOBS PLAN: COMMERCE AND EPW COMMITTEES

Reducing pollution in disadvantaged communities (\$35 billion)

- *This bill will provide grants to improve water quality in low-income, disadvantaged communities, clean-up pollution at ports that impact surrounding communities, and improve local air-quality.*

Regional economic development (\$24 billion)

- *This funding will support communities impacted by energy and industrial transition, spur community revitalization in distressed neighborhoods, create a rural prosperity program, and build innovation hubs in regions across the country.*

Oceans and coastal resiliency (\$18 billion)

- *This funding will aid coastal communities as sea-levels rise and hurricanes occur at higher frequencies and with more ferocity.*

THE AMERICAN JOBS PLAN: HSGAC

Clean Federal Buildings, Fleets, and Materials (\$20 billion)

- *This bill will transition federal government vehicles to clean vehicles, improve the efficiency of federal buildings, and improve materials procurement to low-carbon materials.*

Cybersecurity (\$4.44 billion)

- *This bill provides crucial funding for cybersecurity to support state and local entities to mitigate cybersecurity risk, establish and expand cybersecurity education grants at institutions of higher education, combat cybercrime and ransomware, and bolsters state and local cybersecurity best practices information sharing.*

THE AMERICAN JOBS PLAN: JUDICIARY COMMITTEE

Provide Lawful Permanent Resident status to immigrant workers and families (\$105 billion)

- *This bill will provide \$105 billion or more so that eligible immigrants can have access to federal benefits and the ability to live and work in the United States without the fear of deportation.*
- *The CBO has estimated our proposal as having a \$140 billion direct impact on the federal budget, which we believe makes it permissible in Reconciliation. This proposal is currently in the middle of the “Byrd Bath” process with the Senate Parliamentarian.*

THE AMERICAN JOBS PLAN: SMALL BUSINESS AND VETERANS AFFAIRS COMMITTEES

Small businesses (\$25 billion)

- *This funding will support small businesses by expanding access to capital and contract opportunities and establishing incubators and accelerators across the country.*

Veterans Affairs' facilities and supports (\$18 billion)

- *This funding will modernize VA facilities to ensure state-of-the-art care for veterans at hospitals and clinics.*

THE INDIAN AFFAIRS COMMITTEE

Native American communities (\$20 billion)

- *Indian Health Services and Native Hawaiian Health Care Systems will receive historic investments to repair, upgrade, expand, and construct new health facilities. Funding will also be available to supplement critical initiatives in behavioral health.*
- *Bureau of Indian Affairs programs that Native Nations and communities rely on to combat and address climate change will be funded as well as creating a Native youth targeted Civilian Climate Corps.*
- *Native American education programs will be funded to ensure that schools serving AI/AN/NH school facilities can be repaired, upgraded, and expanded as well as also fund new construction to meet the demands of a growing population.*
- *Native American housing programs at the Housing and Urban Development Department and Bureau of Indian Affairs will have additional funds to build and rehabilitate housing units as well as fund weatherization activities.*

THE AMERICAN JOBS PLAN: ADDRESSING CLIMATE CHANGE

Clean energy and transportation tax incentives (\$320 billion)

- *This includes the Finance Committee's Clean Energy for America Act that replaces the current patchwork of energy incentives and provides hundreds of thousands of good paying, clean energy jobs while significantly reducing emissions. The House has a different approach and the final policy details are still subject to negotiation between the House, Senate and President.*

Clean Electricity Payment Program (\$150 billion)

- *This funding will provide incentives to electric utilities if they increase their share of clean electricity by at least 4% each year. The funding covers the additional costs of deploying clean electricity to ensure electricity prices do not increase for ratepayers.*

THE AMERICAN JOBS PLAN: ADDRESSING CLIMATE CHANGE

Civilian Climate Corps (\$30 billion)

- *This funding will put a new, diverse generation of Americans to work conserving our public lands and waters, bolstering community resilience, and advancing environmental justice, while preparing young people for family-sustaining, middle-class union careers.*

Consumer Rebates for Electrification and Energy Efficiency (\$20 billion)

- *This funding will provide consumers with rebates to reduce the costs zero-emission appliances and home energy efficiency retrofits. The House has a slightly different approach and the final policy details are still subject to negotiation between the House, Senate and President.*

THE AMERICAN FAMILIES PLAN

Child Tax Credit/EITC/CDCTC (\$385 billion)

- *This bill will extend the Child, Earned Income and Child and Dependent Care Tax Credit enhancements in the American Rescue Plan. The number of years is still subject to negotiation between the House, Senate and President.*

Paid family and medical leave program (\$300 billion)

- *This funding creates a comprehensive new federal program to ensure workers receive partial wage replacement to take time away from work from family emergencies and newborn children. The number of weeks provided is still subject to negotiation between the House, Senate and President.*

THE AMERICAN FAMILIES PLAN

Child Care and universal pre-K (\$450 billion)

- *This bill creates an program to make child care both accessible and affordable and creates a free, universal preschool program for three-and four-year-olds, helping families get back to work and providing safe, high-quality learning opportunities for children while saving Americans money by reducing what families have to pay for child care and Pre-K. The final details on income thresholds and benefit levels are still subject to final negotiation between the House, Senate and President.*

Home and Community Based Services (\$200 billion)

- *This bill will provide access to long-term care services under Medicaid and support the caregivers to improve lives across the nation.*

THE AMERICAN FAMILIES PLAN

Free tuition at community colleges (\$109 billion)

- *This bill will open the door to higher education for millions by offering two years of free community college to all Americans. The final details on benefit levels are still subject to final negotiation between the House, Senate and President.*

Addressing other Higher Education and Workforce Priorities (~70 billion)

- *This bill will reduce or eliminate tuition and fees at HBCUs, HSIs, TCUs and other minority-serving institutions, provide up to a \$500 dollar increase in the max Pell amount, and fund evidence-based supports for students, including wrap around services, and emergency aid. This bill will also make meaningful investments in the workforce development programs administered by the Department of Labor, including registered apprenticeships, preapprenticeships, WIOA formula streams, reentry programs, youth subsidized jobs, and a handful of other national programs. It will also support industry and sector partnerships to meet the needs of job-seekers and employers in high-wage, high-skill, and in-demand industry sectors or occupations. The final details on benefit and program levels are still subject to final negotiation between the House, Senate and President.*

THE AMERICAN FAMILIES PLAN

Medicare Dental, Vision, and Hearing (\$380 billion)

- *This funding will provide coverage for dental, vision, and hearing care for seniors. The Senate proposal provides seniors direct financial relief for this type of care in 2022. The House proposal does not start dental benefits until 2028 and proposes a substantially less generous benefit. The final policy details are still subject to negotiation between the House, Senate and President.*

Affordable Care Act expansions and closing the Medicaid coverage gap (\$200+ billion)

- *The Senate proposal would allow for multi-year funding for both programs. Final details are still subject to negotiation between the House, Senate and President.*

HOUSE REVENUE PROPOSALS

The House Ways and Means Committee has proposed the following offsets:

- *Top individual rate from 37% to 39.6%*
- *Corporate rate increase from 21% to 26.5% (corporations over \$5 million income)*
- *Capital gains and dividends rate of 25%*
- *3% surtax on income over \$5 million*
- *Limits the Section 199A deduction for some pass-through business income*
- *Tobacco and nicotine taxes*
- *Net investment income tax*
- *IRS tax enforcement*
- *International tax reform*

TAX REVENUE

In addition to the revenue changes being considered in Ways and Means this week, Chairman Wyden and the Finance Committee have developed additional policies for Senate consideration:

- *Corporate excise tax on stock buybacks*
- *Corporate minimum tax to ensure all corporations pay taxes*
- *Additional tools for IRS enforcement*
- *Carbon pricing*
- *Mark-to-market tax for billionaires*

DRUG OFFSETS

Negotiation: *The bill removes the prohibition on Medicare negotiating drug prices and empowers HHS to use a domestic reference price and an evidence-backed process to secure lower drug prices for seniors and taxpayers.*

Part D Redesign: *The bill restructures Medicare Part D benefits, most notably ending the days of seniors paying thousands of dollars for a single drug and creates an affordable monthly cap on out-of-pocket drug spending.*

Inflation Rebates: *The bill prohibits price gouging by requiring drug companies to pay the difference when prices for prescription drugs used by all Americans rise above the rate of inflation.*

Note: *Still awaiting CBO feedback on all policies*