



Policy Alert

September 23, 2021

House and Senate return to Washington - Congress has returned to D.C. to address a full plate of legislative items.

FY22 Appropriations/Debt Ceiling - The House passed a short-term continuing resolution (CR), by a vote of 220 to 211 along party lines, keeping the Federal Government open until December 3, 2021. The bill also includes a measure to raise the debt ceiling, and billions in disaster relief for communities hit by recent disasters in the Gulf states and areas in the West ravaged by wildfires. Republican opposition to including an increase in the debt ceiling could doom the bill's passage in the Senate and force a government shutdown and threaten the nation's credit rating, which will have global economic impacts. In the past, Republicans and Democrats have jointly passed measures to increase the debt ceiling, but with the mid-term elections coming up next year the political gamesmanship is now taking a firm hold over the legislative process. If the House-passed CR fails in the Senate, then Congress will need to redraft the CR before September 30 to avoid a shutdown.

Infrastructure - September 27th was the agreed upon date for the House of Representatives to vote on the \$1.2 trillion (\$567 billion transportation) infrastructure bill that has already been approved by the US Senate. Speaker Pelosi had negotiated this date with moderate members of her caucus to get support to pass the budget resolution earlier this month, which set up the process to use budget reconciliation. However, if the infrastructure vote is linked to passage of the budget reconciliation (social spending part of the President's Build Back Better Agenda) Republican votes on infrastructure could be lacking or non-existent. While several Republicans have voiced their willingness to vote to pass the infrastructure bill in the House, it has been reported that Minority leader McCarthy has begun to whip against the bill, which will severely limit Republican support. On the other side, progressive Democrats want to see a vote on reconciliation legislation prior to the vote on infrastructure. If the Speaker decides to wait until reconciliation passes Congress, a vote on infrastructure will not occur until late October and possibly early November.

Despite a recent comment by House Majority Leader Hoyer (D-MD) that the vote on the infrastructure bill - "may be the 27th, it may be the morning of the 28th, depending on how the debate goes," enough progressive Democrats later said they won't vote for infrastructure before reconciliation. This rift led to the White House calling a meeting to try and settle the disagreement, but the meeting did not make the process any clearer, other than more meetings would be scheduled.

Budget Reconciliation - The House and Senate continue to draft the reconciliation bill that will fund parts of the President's American Families Plan, part of the Build Back Better agenda. House Democrats are working on a \$3.5 trillion bill as the Senate Democrats struggle to rally their Senators around the same amount. Without any Republican support, Senate Democrats will need all 50 Democrat Senators, and several moderate Democrats have said they will not support \$3.5 trillion. If the Senate sends the bill back to the House at a lower amount, many of the House priorities will need to be cut.

The House Committee on Transportation and Infrastructure approved legislation last week, by a vote of 37-29, to invest nearly \$60 billion in infrastructure projects as part of the House reconciliation bill. According to a T&I committee press release, the legislation will make infrastructure more resilient, address equity, and reduce carbon pollution from the transportation sector.

How the spending is allocated:

- \$10 billion to support access to affordable housing and enhance mobility for low-income individuals and residents of disadvantaged or persistent poverty communities.
- \$4 billion for reduction of carbon pollution in the surface transportation sector—addressing the largest source of transportation greenhouse gas emissions.

- \$4 billion to support neighborhood equity, safety, and affordable transportation access, including reconnecting communities divided by existing infrastructure barriers.
- \$6 billion to advance local surface transportation projects.
- \$1 billion to the Department of Transportation to support projects that develop, demonstrate, or apply low-emission technologies or produce, transport, blend, or store sustainable aviation fuels.
- \$500 million to the Federal Emergency Management Agency's (FEMA) hazard mitigation revolving loan fund program.
- \$425 million for grants for the construction, retrofit, technological enhancement, and updated planning requirements of state, local, Tribal, and territorial emergency operation centers.
- \$9.5 billion to the Economic Development Administration to provide investments in persistently distressed communities, provide assistance to energy and industrial transition communities, invest in public works projects, and create regional hubs.
- \$1 billion to the General Services Administration to invest in high-performance green buildings.
- \$1 billion for climate resilient Coast Guard infrastructure.
- \$2.5 billion to the Maritime Administration to support more sustainable port infrastructure and supply chain resilience.
- \$2 billion to invest in sewer overflow and stormwater reuse projects, as well as a greater federal coast share for projects that serve financially distressed communities.
- \$500 million in grant assistance to invest in the backlog of wastewater projects on Tribal lands.

More details on three proposed programs.

Affordable Housing Access Program - \$10 billion to remain available until September 30, 2026.

This program would be jointly developed by Secretary of Housing and Urban Development and the Administrator of the Federal Transit Administration. FTA will administer the program after funds are allocated. Funds will support access to affordable housing, enhanced mobility, and other community benefits for residents of disadvantaged communities or neighborhoods, persistent poverty communities, or for low-income riders generally identified by the Secretary and the Administrator related to enhanced transit. Funding is available to eligible recipients and subrecipients under public transportation law and the share of net costs of a project is 100%. Funds may be used for a broad number of projects including, activities related to the acquisition of zero-emission buses or related infrastructure, activities related to research that supports efforts to reduce barriers to the deployment of zero-emission transit vehicles in disadvantaged communities or neighborhoods and rural areas, activities related to the training and development of the transit, construction of a new fixed guideway capital project, construction of a bus rapid transit project or a corridor-based bus rapid transit project that utilizes zero-emission vehicles, and many other transit/housing related projects.

Community Climate Incentive Grants to remain available until September 30, 2026.

\$50 million is provided to FHWA to establish GHG performance measures that requires States to set targets to reduce GHG emissions; to establish an incentive structure to reward states that demonstrate significant progress towards achieving reductions; establish consequences for states that do not achieve reductions; to issue guidance and regulations to implement the program; and for administrative costs.

\$950 million would be made available to award to States that qualify for a reward under the incentive structure or have adopted carbon reduction strategies that contribute to achieving net-zero GHG emissions by 2050 and have incorporated those strategies into their transportation plan.

\$3 billion would be made available for grants to eligible entities that are not States - MPOs, units of local government, political subdivisions of a State, territories, special purpose districts or public authorities with a transportation function, and Tribes.

The federal share for recipients that are not States may be up to 100%. The federal share for States is generally 80% with exceptions under current law. Funding may not be used for additional travel lanes for single occupancy vehicles.

Carbon reduction projects are projects that will result in significant reductions in greenhouse gas emissions related to a surface transportation facility or project; provides zero-emission transportation options; reduces dependence on single-occupant vehicle trips; or advances carbon reduction strategies adopted by an eligible entity that contribute to achieving net-zero greenhouse gas emissions by 2050.

Neighborhood Access and Equity Grants to remain available until September 30, 2026.

\$3.950 billion would be made available for grants to eligible entities to improve walkability, safety, and affordable transportation access through construction of projects that are sensitive to the context of the community. Eligible entities include States, units of local government, political subdivision of a state, territory, and MPOs. Non-profits or institutions of higher learning are eligible for grants in partnership with one of the aforementioned for planning and capacity building in disadvantaged or underserved communities.

Eligible facilities are defined as a surface transportation facility for which high speeds, grade separation, or other design factors create an obstacle to connectivity within a community; or a surface transportation facility which is a source of air pollution, noise, stormwater, or other burden to a disadvantaged or underserved communities. At least \$1.580 billion must be for grants in communities that are economically disadvantaged, and other community criteria. The federal share is 80% unless the project is in a disadvantaged or underserved community and the federal share may be up to 100%. Funds may not be used to construct through travel lanes for single occupancy vehicles.