

## MEMORANDUM

**TO:** Democratic Senators

**DATE:** August 9<sup>th</sup>, 2021

**RE: FY2022 Budget Resolution Agreement Framework**

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On July 13<sup>th</sup>, 2021, the Senate Budget Committee, with the support of Leader Schumer and President Biden, announced a framework agreement of \$3.5 trillion in FY2022 Budget Reconciliation instructions to enact the Build Back Better agenda. The agreement calls for the \$3.5 trillion in long-term investments to be fully offset by a combination of new tax revenues, health care savings, and long-term economic growth. In addition, the agreement would prohibit new taxes on families making less than \$400,000 per year, and on small businesses and family farms.

The Budget Committee's objective was to provide instructions that allow every major program proposed by President Biden to receive robust funding. The recommendations below should allow the proper flexibility for the Committees to make policy decisions based on CBO and JCT scores and other inputs from Committee members.

The Budget Resolution will allow the Senate to make the most significant investment in tackling the climate crisis in US history, and put America on a path to meet President Biden's climate change goals of 80% clean electricity and 50% economy-wide carbon emissions reductions by 2030.

The Chairs of the Committees are actively working to develop the specific policy proposals that would be enacted in the Reconciliation bill. If Senators or their staffs would like additional details on the programs, they can receive a briefing from the Committee Chairs and their staffs.

*Please note: the list of items below is not final and not exclusive. This document is meant to provide a detailed understanding to Senators of what the resolution is designed to fund and it may be modified over the course of the bill drafting process and scoring process.*

### **I. RECONCILIATION INSTRUCTIONS**

#### **Committee on Agriculture, Nutrition, and Forestry**

The Agriculture Committee receives an instruction of \$135 billion.

- Agriculture conservation, drought, and forestry programs to help reduce carbon emissions and prevent wildfires
- Rural development and rural co-op clean energy investments
- Agricultural climate research and research infrastructure
- Civilian Climate Corps funding
- Child nutrition
- Debt relief

### **Committee on Banking, Housing, and Urban Affairs**

The Banking Committee receives an instruction of \$332 billion.

- Creation and preservation of affordable housing by making historic investments in programs like the Housing Trust Fund, HOME, the Capital Magnet Fund, and rural housing
- Improve housing affordability and equity by providing down payment assistance, rental assistance, and other homeownership initiatives
- Community investment, development and revitalization through initiatives like Community Land Trusts, investments in CDBG, zoning, land use, and transit improvements and creating healthy and sustainable housing
- Public Housing Capital Investments and Sustainability

### **Committee on Commerce, Science, and Technology**

The Commerce Committee receives an instruction of \$83 billion.

- Investments in technology, transportation, and more
- Research, manufacturing, and economic development
- Coastal resiliency, healthy oceans investments, including the National Oceans and Coastal Security Fund
- National Science Foundation research and technology directorate

### **Committee on Energy and Natural Resources**

The Energy Committee receives an instruction of \$198 billion.

- Clean Electricity Payment Program
- Consumer rebates to weatherize and electrify homes
- Financing for domestic manufacturing of clean energy and auto supply chain technologies
- Federal procurement of energy efficient materials
- Climate research
- Research infrastructure for DOE National Labs
- Hard Rock mining
- Department of Interior programs

### **Committee on Environment and Public Works**

The Environment and Public Works Committee receives an instruction of \$67 billion.

- Clean Energy Technology Accelerator that would fund low-income solar and other climate-friendly technologies
- Environmental justice investments in clean water affordability and access, healthy ports and climate equity
- EPA climate and research programs
- Federal investments in energy efficient buildings and green materials
- Appalachian Regional Commission and Economic Development Administration economic development and transition programs
- Investments in clean vehicles

- Methane polluter fee to reduce carbon emissions

### **Committee on Finance**

The Finance Committee will receive an instruction that requires at least \$1 billion in deficit reduction. This will provide the Committee with flexibility to make investment, revenue and offset decisions consistent with the policy recommendations. Please see Section II of this memo for more information about this instruction.

#### *Investments*

- Paid Family and Medical Leave
- ACA expansion extension and filling the Medicaid Coverage Gap
- Expanding Medicare to include dental, vision, hearing benefits and lowering the eligibility age
- Addressing health care provider shortages (Graduate Medical Education)
- Child Tax Credit/EITC/CDCTC extension
- Long-term care for seniors and persons with disabilities (HCBS)
- Clean energy, manufacturing, and transportation tax incentives
- Pro-worker incentives and worker support
- Health equity (maternal, behavioral, and racial justice health investments)
- Housing incentives
- SALT cap relief
- Other investments within the jurisdiction of the Finance Committee

#### *Offsets*

- Corporate and international tax reform
- Tax fairness for high-income individuals
- IRS tax enforcement
- Health care savings
- Carbon Polluter Import Fee

### **Committee on Health, Education, Labor, and Pensions**

The HELP Committee receives an instruction of \$726 billion.

- Universal Pre-K for 3 and 4-year olds
- Child care for working families
- Tuition-free community college
- Investments in HBCUs, MSIs, HSIs, TCUs, and ANNHIs
- Increase the maximum Pell grant award
- School infrastructure, student success grants, and educator investments
- Investments in primary care, including Community Health Centers, the National Health Service Corps, the Nurse Corps, and Teaching Health Center Graduate Medical Education
- Health equity (maternal, behavioral, and racial equity health investments)
- Pandemic preparedness
- Workforce development and job training

- Labor enforcement and penalties
- Civilian Climate Corps funding
- Research infrastructure, including for HBCUs, MSIs, HSIs, TCUs, and ANNHIs

### **Committee on Homeland Security and Governmental Affairs**

The HSGAC Committee receives an instruction of \$37 billion.

- Electrifying the federal vehicle fleet (USPS and Non-USPS)
- Electrifying and rehabilitating federal buildings
- Improving our cybersecurity infrastructure
- Border management investments
- Federal investments in green materials procurement
- Resilience

### **Committee on the Judiciary**

The Judiciary Committee receives an instruction of \$107 billion.

- Lawful permanent status for qualified immigrants
- Investments in smart and effective border security measures
- Community Violence Intervention Initiative

### **Committee on Indian Affairs**

The Indian Affairs Committee receives an instruction of \$20.5 billion.

- Native health programs and facilities
- Native education programs and facilities
- Native American housing programs
- Native energy programs
- Native resilience and climate programs
- BIA programs and facilities
- Native language programs
- Native Civilian Climate Corps

### **Committee on Small Business and Entrepreneurship**

The Small Business Committee receives an instruction of \$25 billion.

- Small business access to credit, investment, and markets

### **Committee on Veterans Affairs**

The Veterans Affairs Committee receives an instruction of \$18 billion.

- Upgrades to VA facilities

## **II. BACKGROUND – FINANCE COMMITTEE INSTRUCTION**

The FY 2022 budget resolution will provide the Finance Committee with an instruction that allows for:

- \$1.8 trillion in investments for working families, the elderly and the environment;
- A historic tax cut for Americans making less than \$400,000 a year;
- Ensuring that the wealthy and large corporations pay their fair share of taxes; and
- Hundreds of billions in additional savings by lowering the price of prescription drugs.

In order to give the Senate Finance Committee the flexibility it needs to accomplish these goals, the text of the Budget Resolution will provide the Finance Committee with an instruction to reduce the deficit by a nominal amount of \$1 billion over ten years.

There is ample precedent over the past fifteen years for using a nominal reconciliation instruction as a mechanism to allow a committee to bring forth legislation with larger budgetary implications than such an instruction suggests. Republicans used a nominal instruction amount to both the Finance and the Health, Education, Labor, and Pension (HELP) Committees to move forward with their efforts to repeal the Affordable Care Act in 2015 and 2017. The instruction to each committee in each case was to reduce the deficit by \$1 billion. Yet, those efforts had much larger implications. According to [CBO](#), the 2015 bill, H.R. 3762, would have reduced outlays by \$1.4 trillion and revenues by \$1.1 trillion over ten years.

In addition, Democrats used nominal reconciliation instructions in 2010 and 2007 to achieve important changes to health care and education programs. The 2010 example, the Health Care and Education Reconciliation Act (HCERA) included a nominal instruction of \$1 billion in deficit reduction to both the Senate Finance and HELP Committees. According to [CBO](#), That bill impacted hundreds of billions of dollars in meeting those targets. Finally, in 2007, Democrats used reconciliation to pass the College Cost Reduction Act. According to [CBO](#), the HELP Committee met its instruction by investing approximately \$20 billion in education investments with offsets over the reconciled time period.

The framework includes a mix of policies within the jurisdiction of the Finance Committee that both increase and decrease outlays and increase and decrease revenues. In other words, the Finance Committee's reconciliation product will both provide substantial portions of the investments contemplated by the \$3.5 trillion package but also nearly all of the stated offsets.

It is not possible to draft and score all of the expected policies prior to consideration of the budget resolution. Given that we will not have budgetary certainty for all of the expected policies prior to locking in the reconciliation instruction to the Finance Committee, the Budget Resolution will not require a specific level of revenue, outlay, or deficit amount in its reconciliation instruction.

It should be noted that the \$3.5 trillion framework agreement total represents the level of new investments, but does not represent the net budgetary impact of the expected reconciliation bill because the reconciliation bill will also include substantial offsets.

### **III. SECTION BY SECTION SUMMARY OF THE RESOLUTION**

**Section 1. Concurrent Resolution on the Budget for Fiscal Year 2022.** This section declares that this resolution is the concurrent resolution for fiscal year 2022 and sets forth budgetary levels for the fiscal years 2023 through 2031. This section also displays the table of contents of the resolution.

**Section 1101. Recommended Levels and Amounts.** This section sets the budgetary levels for fiscal years 2022 through 2031. These budgetary levels include total federal revenues, new budget authority, budget outlays, deficits, public debt (debt that is subject to a statutory limit), and debt held by the public. The budget resolution assumes discretionary levels as proposed in President Biden's budget request and passage of policies in the envisioned reconciliation bill.

**Section 1102. Major Functional Categories.** This section breaks down the levels of new budget authority and outlays for fiscal years 2022 through 2031 by each of the 20 major functional categories, based on allocations of the total levels set in section 1101.

**Section 1201. Social Security in the Senate.** This section provides the amounts of Social Security revenues and outlays. The Congressional Budget Act of 1974 requires this. Further, there is a separate display of discretionary administrative expenses for the Social Security Administration, enabling these amounts to count towards the Appropriations Committee's 302(a) allocation.

**Section 1202. Postal Service Discretionary Administrative Expenses in the Senate.** This section provides a display of discretionary administrative expenses for the United States Postal Service, enabling these amounts to count towards the Appropriations Committee's 302(a) allocation.

**Section 2001. Reconciliation in the Senate.** This section provides reconciliation instructions to 11 committees to submit changes in laws within their jurisdictions that will increase the deficit over the period of fiscal years 2022 through 2031 by no more than the specified amounts for each committee. In addition, the Committee on Finance is instructed to submit changes in laws within its jurisdiction to *reduce* the deficit by at least \$1 billion over that same time period. These instructions are designed to give committees flexibility while still meeting the agreed-upon top-line level of \$3.5 trillion in investments over 10 years. The section also requires committees given reconciliation instructions to submit legislation to the Committee on the Budget by September 15 to carry out this section, though this date is not binding.

**Section 2002. Reconciliation in the House of Representatives.** This section provides reconciliation instructions to 12 committees to submit changes in laws within their jurisdictions that will increase the deficit over the period of fiscal years 2022 through 2031 by no more than the specified amounts for each committee. In addition, the Committee on Ways and Means is instructed to submit changes in laws within its jurisdiction to *reduce* the deficit by at least \$1 billion over that same time period. These instructions are designed to give committees flexibility while still meeting the agreed-upon top-line level of \$3.5 trillion in investments over 10 years. The section also requires committees given reconciliation instructions to submit legislation to the

Committee on the Budget by September 15 to carry out this section, though this date is not binding.

**Section 3001. Reserve Fund for Legislation that Won't Raise Taxes on People Making Less than \$400,000 in the Senate.** This section enables the Chairman of the Senate Budget Committee to revise committee allocations and other budgetary levels to accommodate tax legislation that does not raise taxes on people making less than \$400,000 per year.

**Section 3002. Reserve Fund for Reconciliation Legislation.** This section provides a reserve fund for reconciliation legislation enabling the Chairs of the House and Senate Budget Committees to revise committee allocations and other budgetary levels to accommodate that legislation, provided that it complies with reconciliation instructions under this concurrent resolution. This section also exempts reconciliation legislation from certain points of order.

**Section 3003. Reserve Fund.** This section enables the Chairs of the House and Senate Budget Committees to revise committee allocations and other budgetary levels to accommodate legislation, provided that such legislation would not increase the deficit over the stated period of years.

**Section 4001. Emergency Legislation.** This section updates the provision on emergency provisions last adopted in the fiscal year 2018 budget resolution. The section permits the Chairs of the House and Senate Budget Committees to adjust allocations, aggregates, and levels included in this resolution for emergency legislation. In addition, this section defines what constitutes an emergency. This section discontinues a 60-vote point of order against emergency designations in the Senate.

**Section 4002. Point of Order against Advance Appropriations in the Senate.** This section reinstates a longstanding 60-vote point of order against advance appropriations, with exemptions for certain accounts. Newly added to the list of exempt accounts is the Indian Health Service.

**Section 4003. Point of Order against Advance Appropriations in the House of Representatives.** This section reinstates a longstanding rule against advance appropriations, with exemptions for certain accounts.

**Section 4004. Program Integrity Initiatives and Other Adjustments in the Senate.** This section permits the Chairman of the Senate Budget Committee to adjust committee allocations, budgetary aggregates, and allocations for specified purposes. Further, if such adjustments are made, the Senate Appropriations Committee may report appropriately revised suballocations. As such, discretionary funding for these purposes may be made over and above the allocation to the Appropriations Committee, if it meets the requirements of this section. Those purposes are: 1) continuing disability reviews and redeterminations, 2) Internal Revenue Service enforcement, 3) health care fraud and abuse control, 4) reemployment services and eligibility assessments, 5) wildfire suppression, 6) disaster relief, and 7) veterans' medical care.

**Section 4005. Program Integrity Initiatives and Other Adjustments in the House of Representatives.** This section permits the Chair of the House Budget Committee to adjust

committee allocations, budgetary aggregates, and allocations for specified purposes. As such, discretionary funding for these purposes may be made over and above the allocation to the Appropriations Committee, if it meets the requirements of this section. Those purposes are: 1) continuing disability reviews and redeterminations, 2) Internal Revenue Service enforcement, 3) health care fraud and abuse control, 4) reemployment services and eligibility assessments, 5) wildfire suppression, 6) disaster relief, and 7) veterans' medical care.

**Section 4006. Enforcement Filing.** This section provides for the procedures for filing committee allocations in the House and the Senate in the event a concurrent resolution is adopted without the appointment of a conference committee and the filing of a joint explanatory statement accompanying a conference report. In such a circumstance, the Chairs of both the House and Senate Budget Committees shall submit a statement for publication in the *Congressional Record* establishing committee allocations.

**Section 4007. Application and Effect of Changes in Allocations, Aggregates, and Other Budgetary Levels.** This section establishes the timing of when any adjustments of allocations, aggregates, and other budgetary levels made pursuant to this resolution take effect and stipulates that any adjustment shall be published in the *Congressional Record* as soon as practicable. It also clarifies that for the purposes of the resolution budgetary levels are determined on the basis of estimates made by the Chair of the Committee on the Budget of the applicable House of Congress.

**Section 4008. Adjustments to Reflect Changes in Concepts and Definitions.** This section gives the Chairs of the House and Senate Budget Committees the authority to adjust budgetary levels in the concurrent resolution for any changes in budgetary concepts and definitions consistent with the Balanced Budget and Emergency Deficit Control Act of 1985.

**Section 4009. Adjustment for Bipartisan Infrastructure Legislation in the Senate.** This section gives the Chairman of the Senate Budget Committee the authority to adjust budgetary levels in the concurrent resolution upon enactment of an infrastructure package, such as the Infrastructure Investment and Jobs Act. This section also states that for such legislation the cost estimate shall be determined on the basis of estimates made by the Chairman of the Senate Budget Committee.

**Section 4010. Adjustment for Infrastructure Legislation in the House of Representatives.** This section gives the Chair of the House Budget Committee the authority to adjust budgetary levels in the concurrent resolution upon enactment of infrastructure legislation, such as legislation implementing the INVEST in America Act or a bipartisan infrastructure agreement.

**Section 4011. Applicability of Adjustments to Discretionary Spending Limits.** This section clarifies that, unless expressly provided in the budget resolution, the Balanced Budget and Emergency Deficit Control Act shall not effectuate adjustments to the budgetary levels described in Sec. 1101.

**Section 4012. Budgetary Treatment of Administrative Expenses.** This section states that the House and Senate Appropriations Committees will continue to appropriate discretionary

administrative expenses of the Social Security Administration and the United States Postal Service. These amounts will count towards the Appropriations Committees' 302(a) allocation.

**Section 4013. Appropriate Budgetary Adjustments in the House of Representatives.** This section gives the Chair of the House Budget Committee the authority to adjust budgetary levels in accordance with the provisions of this budget resolution.

**Section 4014. Adjustment for Changes in the Baseline in the House of Representatives.** This section gives the Chair of the House Budget Committee the authority to adjust budgetary levels to reflect changes resulting from the Congressional Budget Office's updates to its baseline for fiscal years 2022 through 2031.

**Section 4015. Scoring Rule in the Senate for Child Care and Pre-Kindergarten Legislation.** This section states that for the purposes of estimating the costs of the direct spending of any child care or pre-kindergarten legislation, the Congressional Budget Office shall assume funding for programs under the Head Start Act will continue at baseline levels.

**Sec. 4016. Exercise of Rulemaking Powers.** This section instructs that in each of the House and Senate the provisions in this title shall be considered as part of the rules of each House or of that House to which they specifically apply.