



# LEGISLATIVE ANALYSIS

PROGRESSIVE  
CAUCUS  
ACTION FUND

## Infrastructure Investment and Jobs Act

*Last Updated: August 10, 2021*

**PCAF thanks the following organizations<sup>1</sup> for their insights:** AFL-CIO; American Federation of State, County and Municipal Employees; Center for Health, Environment & Justice; Center for Responsible Lending; Communications Workers of America; Economic Policy Institute; Free Press; Indivisible; International Brotherhood of Electrical Workers; International Union of Painters and Allied Trades; National Fair Housing Alliance; Real Recovery Now; and Sierra Club

After extensive negotiations between the Senate and the Biden Administration, the Senate has passed the [Infrastructure Investment & Jobs Act \(IIJA\)](#), a small piece of the larger Build Back Better package. The bill would provide \$550 billion in new federal funding for infrastructure over five years. While the amount of funding in the deal is historic, its scope is decidedly narrower than the Administration's initial proposals. In terms of policy provisions, it is less ambitious than the [INVEST in America Act](#) passed by the House on July 1. However, if it passes in tandem with a \$3.5 trillion budget reconciliation bill, the combined package would be transformational.

### A Small Piece of the Build Back Better Package

Following passage of the American Rescue Plan (ARP) Act, President Biden proposed the next stage of his legislative agenda: the Build Back Better package. President Biden laid this package out in two parts, the [American Jobs Plan \(AJP\)](#) and the [American Families Plan \(AFP\)](#). The AJP largely covers physical infrastructure while the AFP focuses on critical priorities such as the care economy, education, childcare, and other support for working families. Together, the plans proposed more than \$4 trillion in new spending and tax credits, offset with increased taxes on wealthy individuals and corporations. Progressive lawmakers and [more than 250 organizations](#) pushed for an even bolder package of at least \$6 trillion.

---

<sup>1</sup> The organizations listed here do not necessarily endorse all conclusions in this analysis.

At \$550 billion, the IJA provides only 21% of the \$2.6 trillion proposed in the AJP and only 13% of the \$4.4 trillion proposed in the entire Build Back Better package. While the issue areas covered by the deal are important, they represent a small piece of a broader agenda.

The following table lays out how the IJA fits with other plans to make up the entire Build Back Better package.

<b>Plan</b>	<b><u>Infrastructure Investment &amp; Jobs Act</u></b>	<b><u>American Jobs Plan</u></b> <sup>2</sup>	<b><u>American Families Plan</u></b>	<b><u>Senate Budget Committee Agreement</u></b> <sup>3</sup>
<b><i>Spending and tax credits</i></b>	<ul style="list-style-type: none"> <li>• Transportation</li> <li>• Power infrastructure</li> <li>• Broadband</li> <li>• Water infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Home- and community-based care</li> <li>• Clean energy</li> <li>• School infrastructure</li> <li>• Housing</li> <li>• Workforce development</li> <li>• Labor law reform</li> <li>• Federal facilities</li> <li>• Manufacturing, R&amp;D, and small business<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Tax credits for working families (incl. Child Tax Credit and Earned Income Tax Credit)</li> <li>• Child care</li> <li>• Paid leave</li> <li>• Universal pre-K</li> <li>• Higher education</li> <li>• Lower health insurance premiums</li> <li>• Nutrition</li> </ul>	<ul style="list-style-type: none"> <li>• Medicare and Medicaid expansion</li> <li>• Immigration</li> </ul>
<b><i>Revenue and savings</i></b>	<ul style="list-style-type: none"> <li>• Repurpose funds</li> <li>• Various budget gimmicks</li> <li>• Reduce Medicare spending on prescription drugs</li> </ul>	<ul style="list-style-type: none"> <li>• Tax increases for large corporations</li> <li>• Tax enforcement</li> <li>• Repeal fossil fuel subsidies</li> </ul>	<ul style="list-style-type: none"> <li>• Tax increases for wealthy individuals</li> </ul>	<ul style="list-style-type: none"> <li>• Medicare drug price negotiation</li> </ul>

<sup>2</sup> The American Jobs Plan also included the same spending areas as the bipartisan framework but not the same revenue proposals.

<sup>3</sup> The Senate Budget Committee agreement also includes the same areas as the American Jobs Plan and American Families Plan.

<sup>4</sup> Some of these provisions were included in the Senate-passed U.S. Innovation and Competition Act.

## New Spending by Category

Category	Total new spending (\$ billions)			Annual new spending (\$ billions)		
	IIJA (5 years)	AJP (8 years)	Difference (IIJA - AJP)	IIJA (5 years)	AJP (8 years)	Difference (IIJA - AJP)
<b>Roads, bridges, and major projects</b> <i>Division A; Division J, Title VIII; other sections</i>	110	154	-44	22	19	3
<b>Power infrastructure</b> <i>Division D; Division J, Title III; other sections</i>	73	79	-6	15	10	5
<b>Rail</b> <i>Division B, Titles II; Division J, Title VIII</i>	66	74	-8	13	9	4
<b>Broadband</b> <i>Division J, Titles I, II &amp; IV</i>	65	100	-35	13	13	0.5
<b>Drinking water and wastewater</b> <i>Division E; Division J, Title VI; other sections</i>	57	111	-54	11	14	-3
<b>Resiliency</b> <i>Division G, Title III; Division J, Titles I-III &amp; V-VII</i>	51	49	2	10	6	4
<b>Public transit</b> <i>Division C; Division J, Title VIII</i>	39	77	-38	8	10	-2
<b>Airports</b> <i>Division J, Title VIII</i>	25	25	0	5	3	2
<b>Environmental remediation</b> <i>Division D, Titles VI-VII; Division J, Title VI</i>	21	21	0	4	3	2
<b>Ports and waterways</b> <i>Division J, Titles III &amp; V</i>	17	17	0	3	2	1
<b>Electric and low-emission vehicles</b> <i>Div. A, Title I; Div. G, Title XI; Div. J, Title VIII</i>	15	178	-163	3	22	-19
<b>Safety</b> <i>Division B, Titles III-VI; Division J, Title VIII</i>	11	19	-8	2	2	-0.3
<b>Community restoration</b> <i>Division A, Title I; Division J, Title VIII</i>	1	24	-23	0.2	3	-3
<b>TOTAL</b>	<b>550</b>	<b>928</b>	<b>-378</b>	<b>110</b>	<b>116</b>	<b>-6</b>

Both the American Jobs Plan and the Infrastructure Investment & Jobs Act cover transportation, power infrastructure, broadband, and water infrastructure. The American Jobs Plan funds 8 years of infrastructure spending while the IJJA covers only 5 years. IJJA provides \$110 billion per year in infrastructure investment—very close to the \$116 billion per year for those same issue areas within the AJP. The two frameworks, however, differ in where they direct that spending.

The [Biden Administration](#) notes that this bill includes the largest-ever federal investments in transit, passenger rail, bridges, water infrastructure, clean energy, and electric vehicle (EV) infrastructure. It also includes important investments in resiliency and environmental remediation. Nevertheless, these historic funding levels fall short of what AJP proposed in several key areas:

- The IJJA provides only one-eighth of AJP’s annual funding for electric and low-emission vehicles. Moreover, some of this funding goes to school buses that still use fossil fuels.
- The IJJA comes to about 20% below the AJP on both water and transit funding.
- While AJP proposed a new \$24 billion community restoration program over eight years, the bill provides only \$1 billion over five years. [Ninety organizations](#) wrote to the Senate urging for this program to be strengthened.

The IJJA numbers are also largely in line with the [Bipartisan Infrastructure Framework](#) announced on June 24. That framework laid out \$579 billion in funding—\$29 billion more than the July 28 deal. The difference reflects a \$9 billion decrease in transit funding and the removal of \$20 billion for infrastructure financing.

The underfunding in these areas has real consequences, particularly for climate and environmental justice. For example:

- The level of water funding would cover replacement of just 1 in 4 lead pipes in the U.S.
- The funding for electric school buses would replace only 4% of the diesel school bus fleet.
- The money for EV infrastructure would cover only half of President Biden’s goal to build 500,000 charging stations.
- Transit funding comes in around 10% of the total need for system expansion and electrification.

The American Jobs Plan already fell short of the needs identified by a broad coalition of organizations in the [THRIVE Agenda](#). IJJA’s further underinvestment in transit, rail, and electric vehicles means more carbon pollution and worsened effects from climate change. It is simultaneously historic in scale and insufficient in terms of actual needs.

## Offsets

Offset	IIJA Section	Estimated revenue/savings (\$ billions)	
		Bill summary	CBO <sup>5</sup> /JCT
Repurposed COVID-19 relief funds	multiple	210	22
Proceeds from the FCC spectrum auctions	Sec. 90008	87	10
Economic growth (i.e. dynamic scoring)	overall	56	Not scored
State return of unused enhanced UI supplemental funds	Sec. 90003	53	Not scored
Delay of the Medicare Part D rebate rule	Sec. 90006	51	51
Reporting requirements for cryptocurrency	Sec. 80603	28	28
Extension of fees on Fannie Mae and Freddie Mac	Sec. 90005	21	21
Reinstatement of certain Superfund fees	Sec. 80201	14	14
Extension of mandatory sequestration	Sec. 90001	9	9
Extension of customs user fees	Sec. 80301	6	6
Proceeds from Strategic Petroleum Reserve sales	Sec. 90002	6	6
Reduction of Medicare spending on discarded medications	Sec. 90004	3	3
Pension smoothing	Sec. 80602	3	3
<b>Total</b>		<b>547</b>	<b>173</b>

The American Jobs Plan recognized the unfairness of a tax system that favors outsourcing corporations, polluters, and tax cheats. It proposed making corporations pay their fair share. In contrast, the IIJA relies mostly on budget gimmicks, such as repurposing unspent COVID-19 relief funds, to offset \$550 billion in new spending.

<sup>5</sup> This table uses CBO scores for outlays for direct and discretionary spending.

Not all of IJA's offsets counted in official estimates from the [Congressional Budget Office \(CBO\)](#) and [Joint Committee on Taxation \(JCT\)](#). While the summary from IJA's authors itemized \$547 billion in offsets, CBO counted only \$173 billion.

The \$374 billion difference stems from how CBO discounted the four largest offsets:

1. It counted \$22 billion of \$210 billion in repurposed COVID-19 relief funds.
2. It counted \$10 billion out of \$87 billion in proceeds from Federal Communications Commission (FCC) spectrum auctions.
3. The CBO did not score savings from economic growth.
4. The CBO did not score state return of unused enhanced Unemployment Insurance (UI) supplemental funds.

Additional offsets fall in the category of “budget gimmicks.” At the same time, a few offsets have a real negative effect. Extending fees on the government-sponsored enterprises Fannie Mae and Freddie Mac could increase costs for homebuyers, particularly homebuyers of color.

Other offsets reflect incremental progress toward a fairer economy:

- The U.S. would benefit from reducing payments to pharmaceutical companies for unnecessary medications.
- Making polluters pay through Superfund fees has strong support from environmental justice organizations.
- While negotiators removed broader IRS enforcement provisions during drafting, the provision to ensure proper reporting of cryptocurrency to the IRS takes an incremental step toward addressing tax avoidance.

## Policy Provisions

Infrastructure legislation is about not only funding levels but also the policy provisions that guide how federal resources are used. The American Jobs Plan coupled historic investment with strong labor, equity, and environmental standards. The IIJA would reauthorize existing surface transportation programs that are due to expire on September 30, 2021 and authorize additional programs for other types of infrastructure.

The policy provisions in IIJA largely reflect the following bills already passed by Senate committees:

- [Surface Transportation Reauthorization Act](#) (Environment & Public Works Committee)
- [Surface Transportation Investment Act](#) (Commerce, Science, & Transportation Committee)
- [Energy Infrastructure Act](#) (Energy & Natural Resources Committee)
- [Drinking Water and Wastewater Infrastructure Act](#) (Environment & Public Works Committee)

Unlike the House-passed INVEST in America Act, the IIJA does not include community project funding designated by lawmakers (i.e. earmarks).

## Labor standards

The American Jobs Plan called for passage of the Protecting the Right to Organize (PRO) Act and expansion of labor standards such as Davis-Bacon prevailing wage provisions and Buy America. Overall, the IIJA promises to create 2 million jobs per year but could include stronger protections to ensure that those are all high-quality jobs.

The IIJA continues existing labor standards, including Davis-Bacon prevailing wage standards for, according to the White House, [“the overwhelming majority of the funds.”](#) But it provides weaker labor standards in new funding areas such as broadband and bonds for private investment. For broadband grants, the bill prioritizes employers with “a demonstrated record of and plans to be in compliance with Federal labor and employment laws” (Sec. 60102) but stops short of adopting Davis-Bacon prevailing wage standards. IIJA does include prevailing wage standards for energy infrastructure programs (Sec. 41101).

The increased cap for private activity bonds (Division H, Title IV) and value-for-money analysis requirement (Sec. 70701) could lead to needless privatization of public assets as well as reductions in wages and benefits to lower costs.

IIJA includes Buy America and Build America provisions (Sec. 11513 and Division G, Title IX).

## **Equity**

The House-passed INVEST in America Act included much stronger equity provisions for poor, rural, and disadvantaged communities, including new programs to help low-income families afford transit rides and clean water. The INVEST in America Act also established a program to improve fairness and equity in traffic safety enforcement. These provisions are not in IJA.

IJA includes the Digital Equity Act (Division F, Title III) and affordability provisions (Division F, Title V) on broadband. It provides greater transparency on broadband pricing (Sec. 60504) but more aggressive limits on rates were watered down in negotiations.

The IJA's transit funding includes language to improve accessibility of transit stations for older Americans and people with disabilities (Division J, Title VIII).

## **Environmental Standards, Climate Change, and Resiliency**

In comparison to the AJP, the IJA weakens environmental review under the National Environmental Policy Act for surface transportation and energy projects (Sec. 70801). The energy infrastructure division includes programs for carbon capture (Division D, Title III, Subtitle A) and nuclear energy (Division D, Title III, Subtitle C) opposed by some environmental groups. It also includes controversial provisions on pipelines (Sec. 40434), including a natural gas pipeline in Alaska (Sec. 40401).

Relative to the House-passed INVEST in America Act, the IJA is missing language to improve infrastructure resiliency through anti-corrosion measures.



## Process and Deadlines

Because the IJJA advanced through the Senate under regular order and not the budget reconciliation process, it did not face the [Byrd Rule](#) limitation that everything in the bill must be budgetary in nature. Instead, the limiting factor was what can receive 60 votes in the Senate. The bill is an opportunity to advance standards that may have difficulty surviving the review of the Senate Parliamentarian as part of the budget reconciliation process.

The Senate adopted 13 amendments before passing the bill in a [69-30 vote](#).

Amdt #	Sponsor	Co-lead	Description	Vote
2300	Cruz (R-TX)	Warnock (D-GA)	Designate additional high priority corridors on the National Highway System	Voice vote
2478	Cardin (D-MD)	Wicker (R-MS)	Minority Business Development Act of 2021	Voice vote
2358	Rosen (D-NV)	Risch (R-ID)	Mitigate the cost of damages from wildfires on the National Highway System	Voice vote
2564	Carper (D-DE)	Inhofe (R-OK)	Change provisions related to Army Corps appropriations	Voice vote
2548	Bennet (D-CO)	Hoeven (R-ND)	Establish a Landscape Restoration Partnership Program	Voice vote
2131	Carper (D-DE)	Capito (R-WV)	Strike a definition	Voice vote
2354	Van Hollen (D-MD)	Rounds (R-SD)	Include payment and performance security requirements for infrastructure financing	97-0
2464	Peters (D-MI)	Rounds (R-SD)	Modify certain provisions relating to cybersecurity	96-2
2181	Lummis (R-WY)	Kelly (D-AZ)	Study to determine highway costs by type of user	95-3
2162	Thune (R-SD)	Tester (D-MT)	Address the workforce needs of the telecom industry	95-1
2164	Fischer (R-NE)	Cortez Masto (D-NV)	Require online map of broadband deployment projects	95-0
2133	Padilla (D-CA)	Moran (R-KS)	Expand authority for renovating certain Indian Health facilities	90-7
2570	Schumer (D-NY)	Gillibrand (D-NY)	Improve limousine safety	58-39

All 13 adopted amendments required bipartisan support<sup>6</sup>, and all but one had bipartisan sponsorship. The Senate rejected ten partisan amendments in roll call votes (requiring 60 votes for adoption). Nine were offered by Republicans. These included amendments targeting immigrants (Lankford 2233 and Johnson 2245). The one Democratic amendment rejected (Duckworth 2140) would have improved the accessibility of transit stations.

The Senate also waived a Budget Act point of order raised against the bill on a [64-33 vote](#).

Now that IIJA cleared the Senate, the House may wait to vote on it pending consideration of a budget reconciliation bill incorporating other components of the Build Back Better package. The House may also want to seek substantive changes to the bill. It can either request a formal conference with the Senate to iron out differences between the chambers, or the chambers can negotiate more informally. Either way, the Senate would need to vote again if the House makes any changes to the Senate-passed bill. A modified bill would need to clear another 60-vote threshold in the Senate.

Without a short-term extension of surface transportation programs, the IIJA needs to be signed into law by September 30, 2021 to prevent a disruption in transportation funding and projects.

---

<sup>6</sup> Most amendments needed 60 votes to be adopted under the unanimous consent agreements allowing for their consideration. However, Schumer 2570 passed with a simple majority per the agreement on its consideration.