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The Bipartisan Infrastructure Deal

Last Updated: July 29, 2021

PCAF thanks the following organizations for their insights: *Economic Policy Institute, Indivisible, International Brotherhood of Electrical Workers, National Fair Housing Alliance, Real Recovery Now, and Sierra Club*

More than a month after agreeing to an initial outline, Senate negotiators and the Biden Administration reached an agreement on the [Bipartisan Infrastructure Deal](#), a small piece of the larger Build Back Better package. The deal would provide \$550 billion in new federal funding for infrastructure over five years. While the amount of funding in the deal is historic, the scope of the deal 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 a \$3.5 trillion budget reconciliation bill also passed, 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 \(AFP\)](#). Together, the plans propose 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. 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.

The Bipartisan Infrastructure Deal includes only a subset of the infrastructure areas covered by the AJP. At \$550 billion, it 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 areas covered by the deal are important, it represents a small piece of the broader agenda.

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

Plan	<u>Bipartisan Infrastructure Deal</u>	<u>American Jobs Plan</u>¹	<u>American Families Plan</u>	<u>Senate Budget Committee Agreement</u>²
<i>Spending and tax credits</i>	<ul style="list-style-type: none"> • Transportation • Power infrastructure • Broadband • Water infrastructure 	<ul style="list-style-type: none"> • Home- and community-based care • Clean energy • School infrastructure • Housing • Workforce development • Labor law reform • Federal facilities • Manufacturing, R&D, and small business³ 	<ul style="list-style-type: none"> • Tax credits for working families (incl. Child Tax Credit and Earned Income Tax Credit) • Affordable child care • Paid leave • Universal pre-K • Higher education (incl. free community college) • Lower health insurance premiums • Nutrition 	<ul style="list-style-type: none"> • Medicare and Medicaid expansion • Immigration
<i>Revenue and savings</i>	<ul style="list-style-type: none"> • Repurpose funds • Various budget gimmicks • Reduce Medicare spending on prescription drugs 	<ul style="list-style-type: none"> • Tax increases for large corporations • Tax enforcement • Repeal of fossil fuel subsidies 	<ul style="list-style-type: none"> • Tax increases for wealthy individuals 	<ul style="list-style-type: none"> • Medicare drug price negotiation

¹ The American Jobs Plan also included the same spending areas as the bipartisan framework but not the same revenue proposals.

² The Senate Budget Committee agreement also includes the same areas as the American Jobs Plan and Americans Families Plan.

³ Some of these provisions were included in the Senate-passed U.S. Innovation and Competition Act.

New Spending by Issue Area

Both the American Jobs Plan and Bipartisan Infrastructure Deal cover transportation, power infrastructure, broadband, and water infrastructure. For those issues, the deal provides \$110 billion per year—very close to the \$116 billion per year for those same issue areas within the AJP. However, the American Jobs Plan funds 8 years of infrastructure spending while the Bipartisan Infrastructure Deal (BID) covers only 5 years. The two frameworks also differ in the emphasis of their spending.

Category	Total new spending (\$ billions)			Annual new spending (\$ billions)		
	BID	AJP	Difference (BID - AJP)	BID	AJP	Difference (BID - AJP)
Roads, bridges, and major projects	111	154	-43	22	19	3
Power infrastructure	73	79	-6	15	10	5
Rail	66	74	-8	13	9	4
Broadband	65	100	-35	13	13	0.5
Drinking water and wastewater	55	111	-56	11	14	-3
Climate resiliency	50	49	1	10	6	4
Public transit	39	77	-38	8	10	-2
Airports	25	25	0	5	3	2
Environmental remediation	21	21	0	4	3	2
Ports and waterways	17	17	0	3	2	1
Electric vehicles	15	178	-163	3	22	-19
Safety	11	19	-9	2	2	-0.3
Community restoration	1	24	-23	0.2	3	-3
TOTAL	550	928	-378	110	116	-6

The Bipartisan Infrastructure Deal provides only one-eighth of AJP's annual funding for electric vehicles. It comes about 20% below AJP on water and transit funding. And while AJP proposed a new \$24 billion community restoration program, the deal provides only \$1 billion over five years.

The Bipartisan Infrastructure Deal's numbers are 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. 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. These amounts fall short of the American Jobs Plan, which itself fell short of the needs identified by a broad coalition of organizations in the [THRIVE Agenda](#). Ultimately, the underinvestment in transit, rail, and electric vehicles means more carbon pollution and worsened effects from climate change.

Offsets

Offset	Score estimate (\$ billions)
Repurposed COVID-19 relief funds	205
Proceeds of the Federal Communications Commission's C-band auction	67
Economic growth (i.e. dynamic scoring)	56
State return of unused enhanced Unemployment Insurance supplemental funds	53
Unemployment Insurance program integrity	50
Delay of the Medicare Part D rebate rule	49
Reporting requirements for cryptocurrency	28
Extension of fees on Fannie Mae and Freddie Mac	21
Proceeds of future Federal Communications Commission spectrum auctions	20
Reinstatement of certain Superfund fees	13
Extension of mandatory sequestration	9
Extension of customs user fees	6
Proceeds from Strategic Petroleum Reserve sales	6
Reduction of Medicare spending on discarded medications	3
Pension smoothing	3
Total	589

Preliminary estimates indicate that the Bipartisan Infrastructure Deal's offsets total nearly \$590 billion. 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 Bipartisan Infrastructure Deal relies mostly on budget gimmicks to offset \$550 billion in new spending. These "gimmicks" still have an effect. Extending fees on the government-sponsored enterprises Fannie Mae and Freddie Mac, for example, could increase costs for homebuyers, particularly homebuyers of color. On the other hand, the U.S. would benefit from reducing spending on unnecessary medications, increasing fees on polluters, and ensuring proper reporting of cryptocurrency to the IRS.

Policy Provisions

Infrastructure legislation is about not only funding 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. While the legislative text of the Bipartisan Infrastructure Deal has not yet been released, [current reports](#) indicate it does not go nearly as far in promoting worker power, racial equity, and climate justice.

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. The Bipartisan Infrastructure Deal continues existing labor standards but fails to strengthen labor standards in new funding areas such as broadband and bonds for private investment. In other words, it promises to create 2 million jobs per year but lacks protections to ensure that those are all high-quality jobs. At the same time, the power infrastructure provisions do not appear to include a clean energy standard.

Beyond providing new funding, the Bipartisan Infrastructure Deal would also reauthorize existing surface transportation programs that are due to expire on September 30, 2021.

The policy provisions that will be included 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 Instructure Act](#) (Energy & Natural Resources Committee)
- [Drinking Water and Wastewater Infrastructure Act](#) (Environment & Public Works Committee)

The House passed its own surface transportation and water infrastructure bill, the [INVEST in America Act](#). That bill 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. It prioritized transit and rail as part of a broad emphasis on combating climate change. Those provisions are missing from the deal.

Because the Bipartisan Infrastructure Deal is advancing under regular order and not the budget reconciliation process, it does not face the [Byrd Rule](#) limitation that everything in the bill must be budgetary in nature. Instead, the limiting factor is what can receive 60 votes in the Senate and a simple majority in the House. The deal is an opportunity to advance standards that may have difficulty surviving the review of the Senate Parliamentarian as part of the budget reconciliation process. If only budgetary provisions are included, those provisions could move through the budget reconciliation process instead. That said, the surface transportation reauthorization included as part of the deal probably cannot move via budget reconciliation.

Process

The Senate voted [67-32](#) to allow debate on the Bipartisan Infrastructure Deal to begin. All 50 Senate Democrats and 17 Senate Republicans voted in favor. The legislative text of the deal will be offered as a substitute amendment to the House-passed INVEST in America Act. Senators will then have the opportunity to offer additional amendments to the bill. Given how quickly the text is being finalized, new sections of the bill and technical edits may be added through floor amendments. Closing amendment debate and bringing the bill to a vote on passage will require 60 votes in the Senate. Once it clears that threshold (created by the Jim Crow filibuster), the vote on actual passage requires 51 votes.

Once the Bipartisan Infrastructure Deal clears the Senate, the House may delay consideration 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 will need to vote again if the House makes any changes to the Senate-passed bill. That revised bill would also need to clear a 60-vote threshold. Absent another short-term extension, the deal would need to be signed into law before current surface transportation programs expire on September 30, 2021.