



WASHINGTON UPDATE

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Interim Report - Additional Information on Biden Infrastructure Plan

This is a follow-up to the March 31 WSP Washington Update with some additional information about the Biden Administration's infrastructure proposal – the American Jobs Plan, a \$2 trillion, eight-year plan which includes funding not only for the traditional surface transportation programs (highways, transit, rail) but also for water, broadband, electrification, power grid, housing, schools, federal buildings and other programs (see attached chart).

The [Fact Sheet](#) that was released by the Administration is currently the only information publicly available about the plan. At 27 pages, it is much longer than a typical fact sheet, but also much shorter than a typical proposal of this nature. The Fact Sheet is somewhat convoluted and lacking in specifics – but it is all we have at this point to go on.

It is now up to **Congress** to develop legislation to implement the Biden proposal. We expect the Democratic majority in Congress to embrace and include much of what the Administration has proposed, but not necessarily all. Congress could opt to add extra funding for certain programs, prioritize other programs, or ignore some funding recommendations. Congressional leaders will also have to determine how to get sufficient votes to pass such a massive bill. Key Republican leaders have already expressed concern and even opposition to the size and breadth of the plan and how it is proposed to be funded. A possible approach is to pass the bill using the same controversial budget reconciliation process used to pass the recent COVID-19 emergency relief "American Rescue Plan" that would not require 60 votes in the Senate. That would be a very different approach than the usually strong bi-partisan support of most infrastructure bills.

Timing - President Biden and key Democratic leaders are anxious to move a large infrastructure bill quickly while the President enjoys strong public support following passage of the COVID-19 American Rescue Plan. However, congressional staff must now turn the proposal into legislative text and move a bill through both houses of Congress. While the goal seems to be to pass a bill early this summer – July 4th is mentioned by many - it is unclear at this time if that is possible.

Most infrastructure stakeholder groups have come out in very strong support of the historic Biden proposal, but a number of groups, particularly manufacturing and business organizations, have expressed serious concerns about the so-called "payfors", particularly



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the **roll back of corporate tax cuts**. In the end, it will be up to Congress to determine how to find sufficient revenue to pay for the bill.

One point of confusion that has not yet been resolved is how the American Job Plan intersects with the **reauthorization of the FAST Act surface transportation program (highways, transit and rail)**. The current authorization expires on September 30, 2021. The Administration has indicated that the funding in the Plan is over and above the FAST Act funding, but has not explained how the two efforts will be reconciled, how a FAST Act reauthorization will be paid for (over \$150 billion in additional revenue is required just to pass a flat 5-year reauthorization), or how the **Highway Trust Fund** insolvency will be addressed.

Other questions still to be answered – will there be a required **state/local match** of the new federal funding – if so, at what percentage – 80/20, 50/50 and will a required match be different for different programs? How much of the funding will be formula driven versus discretionary – if discretionary, at the discretion of whom – US DOT, Congress? Will the funding be focused primarily on state of good repair projects or new capacity? What will the criteria be for defining the large “mega” projects proposed to receive \$25 billion? Will Congress add provisions to help leverage the federal funding through P3s, Private Activity Bonds, other types of financing?

Additional details and information about the American Jobs Plan will be sent out when available.

Attachment:

[Breaking down Biden’s \\$2.3 trillion infrastructure plan](#)