

Congressional Update: House Prepares a \$3.5 Trillion Reconciliation Package

Lewis-Burke Associates LLC – September 17, 2021

The House successfully advanced funding bills for a \$3.5 trillion reconciliation package to meet a September 15 deadline. The focus of this reconciliation package is to advance proposals central to President Biden’s Build Back Better agenda, including expanding Medicare, improving federal child care and education programs, investing in infrastructure and jobs, and combating climate change. The House plans to vote on a final package by the end of September.

The graphic below shows the current distribution of funding for major federal programs and issue areas in the House reconciliation package. The funding categories below make up about \$2 trillion of the total \$3.5 trillion in the reconciliation package. The remaining \$1.5 trillion is based on current estimates to expand beneficiary-based programs, such as expanding Medicare coverage by providing dental, hearing and vision benefits, and tax credits, such as those for clean energy, the health insurance marketplace, earned income tax, and child and dependent care.

Funding in House Reconciliation Package (\$ in billions)



Background and Next Steps

In August, House and Senate Democrats passed a budget resolution that tasked 12 Senate Committees and 13 House Committees with drafting a spending package by September 15 that could total up to \$3.5 trillion and pass both the House and Senate with a simple majority rather than the 60 votes usually required in the Senate. Over the last few weeks, the 13 House Committees on party-line votes advanced all of their spending bills. The House Budget Committee is now tasked with assembling the spending bills into one larger package for a full House vote by September 27. The Senate instead did not meet the September 15 deadline although there are no consequences for missing the deadline. The Senate has started drafting but has not yet advanced any spending bill. To accelerate the process, the Senate plans to bypass consideration of each bill through the Committees and instead plans to vote on a full package on the Senate floor.

The House bills advance many priorities of the research, education and academic medicine communities, such as major investments in research infrastructure and research and development programs at the National Science Foundation and the Department of Energy, funding for Department of Commerce-led Regional Technology Hubs, expanding graduate medical education programs, increasing Pell grant awards, new funding opportunities for Historically Black Colleges and Universities and other Minority Serving Institutions, and immigration reform including lawful permanent status for DACA recipients.

However, many of the spending levels and categories of funding included in a final package are likely to change. The House and Senate have different priorities and moderate Democrats, such as Senator Joe Manchin (D-WV), have called for a smaller spending package. Reductions in funding to the total package would likely reduce funding for most if not all research programs and potentially education and health care programs as well. One of the most contentious issues is taxes and other pay fors in the package. Democrats proposed \$3 trillion in new taxes to pay for most of the funding package, primarily by raising the corporate tax rate and income taxes for the highest earners. Further, certain policy provisions, such as immigration proposals, may be removed from the package if the Parliamentary rules they do not have a direct budgetary impact and are outside the scope of reconciliation.

Funding and Policy Priorities

Below is additional information on funding and policy priorities for federal agencies in the House reconciliation package of most relevance to the research, higher education, and academic medicine community, including:

- [Agriculture](#)
- [Climate and clean energy](#)
- [Education and workforce development](#)
- [Health care](#)
- [Immigration reform](#)
- [Pandemic preparedness](#)
- [Regional innovation and economic development](#)
- [Research and development](#)
- [Research infrastructure](#)
- [Tax and revenue issues](#)

Agriculture

- **Department of Agriculture (USDA):** \$7.75 billion for agriculture research and infrastructure over 10 years. For each of the research programs, there is a major focus on climate change and conservation efforts. The following programs would see funding in the House bill:
 - \$250 million for the Agriculture Research Service (ARS) in fiscal year (FY) 2022.
 - \$500 million for Agriculture and Food Research Initiative (AFRI).
 - \$600 million for Smith-Lever which funds extensions at land grant universities.
 - \$540 million for the Foundation for Food and Agriculture Research (FFAR).
 - \$380 million for Agriculture Advanced Research and Development Authority (AGARDA), which was authorized in the 2018 Farm Bill and would fund high-risk, high-reward research at USDA likely with a strong climate focus.
 - \$500 million for Sustainable Agriculture Research and Education (SARE).
 - \$20 million for Agriculture Genome to Phenome Initiative in FY 2022.
 - \$50 million for the Multicultural Scholars Program.
 - \$65 million for Urban Agriculture in FY 22.

Climate and Clean Energy

- **Department of Energy (DOE):** \$208 billion primarily to assist states and utilities in expanding deployment and transmission of clean energy, building electric vehicle charging stations, and providing energy loans to the private sector for clean energy technologies and expanded manufacturing and supply chain capabilities. Institutions of higher education, working through state, local governments, and utilities are eligible to partner or receive funds under certain programs.
- **National Science Foundation (NSF):** Within the \$7.55 billion for research, scholarships, and fellowships across NSF, \$400 million would be dedicated to climate change research.
- **National Oceanic and Atmospheric Administration (NOAA):** \$1.24 billion to conduct climate research including forecasting, severe weather, marine sciences, research to operations, instrumentation, and data management and collection. Although program offices are not specified, the funding is likely to go to a combination of intramural and extramural research efforts. An additional \$765 million would go to developing and disseminating climate information to build resilience in communities across the country; of this amount, \$265 million to better enable end users to make informed planning decisions and \$500 million to develop a “climate ready workforce”. The reconciliation package also includes \$173 million for space weather efforts for a new independent mission and the development of new space weather crafts and instruments. Another \$70 million is allocated for procurement, data management, storage, and supercomputing.
- **Department of Transportation (DOT):** \$1 billion for grants under the Federal Aviation Administration’s (FAA) Alternative Fuel and Low-Emission Aviation program. Of that amount, \$700 million would be for activities that promote the production, transportation, storage, of sustainable aviation fuels and \$300 million for the development and deployment of low-emission aviation technologies. Universities are included in the list of eligible recipients. Separately, an undefined subset of \$9.9 billion for affordable housing would be set aside for grants that enhance mobility in underserved or disadvantaged communities, and specifically for research and capital expenses that promote zero-emission public transit. The Federal Transit Administration (FTA) would have broad latitude in how grants would be allocated; however, universities would be eligible recipients under the agency’s existing authorities should FTA compete funding for this activity.

- **National Aeronautics and Space Administration (NASA):** \$388 million for climate change research activities of which
 - \$88 million is for fundamental climate science,
 - \$225 million for aeronautics and sustainable aviation research,
 - \$50 million for wildfire-related R&D supporting firefighting operations, and
 - \$28 million for earth science data management.
- **Environmental Protection Agency (EPA):** \$264 million to support climate change research activities, such as a new grants-based regional climate science network, increasing support for evidence-based regional and community climate adaptation, social science research to help increase use and adoption of science tools to address climate change, research to understand the cumulative impacts of pollution from existing and future energy sources especially in communities that face disproportionate impacts, and research to understand the impacts of the transition to decarbonized energy, transportation, and building sectors on frontline communities.
- **Climate Corps:** \$5.9 billion for a new Civilian Climate Corps, which is a Biden Administration proposal to create job and workforce development opportunities across the country in the environment and climate change mitigation and adaptation field. The following agencies would receive funding:
 - National Forest Service – \$2.25 billion
 - National Park Service - \$1.7 billion
 - Bureau of Land Management - \$900 million
 - Bureau of Indian Affairs - \$500 million
 - National Fish and Wildlife Service - \$400 million
 - NOAA - \$120 million

Education and Workforce Development

- **Department of Education (ED):** \$600 billion for a wide range of programs including:
 - A \$500 increase to the maximum Pell Grant award in 2022, with the \$500 increase to the maximum grant carried forward through fiscal year 2029.
 - Expansion of federal student aid eligibility to Deferred Action for Childhood Arrivals (DACA) and temporary protected status (TPS) status students for award years beginning in 2022–2023 through 2029–2030.
 - Grants to states or Tribal colleges or universities to support a tuition-free community college program, known as America’s College Promise.
 - \$9 billion for Retention and Completion grants for states or Tribal institutions to implement evidence-based reforms to improve student outcomes.
 - Funding would be provided to support tuition assistance grants for students at HBCUs, TCUs, and MSIs.
 - Nearly \$1.4 billion for investments in HBCUs, TCUs, and MSIs via Title III HEA programs.
 - \$197 million for “Partnership Grants for the Establishment Of ‘Grow Your Own’ Programs,” which would support partnerships to address teacher shortages in high need subjects, geographic areas, and to increase the diversity of the teacher and school leader workforce.
 - \$198 million for teacher residency programs for teachers in bachelor’s or master’s degree programs under Title II of the Higher Education Act (HEA).
 - \$198 million for the development and support of school leadership programs as supported under Title II of the Elementary and Secondary Education Act (ESEA).

- \$198 million for grants under the Augustus F. Hawkins Centers of Excellence Program, which would support teacher preparation programs, including at HBCUs and Minority-Serving Institutions.
- **Department of Labor (DOL):** \$80 billion to support workforce development including:
 - \$16 billion for the Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker Employment and Training program.
 - \$15 billion for the WIOA Adult Worker Employment and Training program.
 - Funding for both programs would be allocated to support career services, supportive services, and training services, including individual training accounts.
 - \$9 billion for the WIOA Youth Workforce Investment program. This would include funding to support paid work experiences.
 - \$5 billion to support registered apprenticeships, youth apprenticeships, and pre-apprenticeships.
 - \$2 billion for Community College and Industry Partnerships grants.
 - \$10 billion for Industry or Sector Partnership grants to support partnerships to expand employment in high-skill and in-demand sectors, including IT, clean energy, and advanced manufacturing, among other sectors.
 - \$2.5 billion to support workforce development programs at DOL to support activities related to environmental resiliency, remediation, or mitigation.
- **NSF:** One of the uses of the \$7.55 billion allocation for NSF is to support additional scholarships, fellowships, and other STEM education programs across NSF. How that funding would be divided is not defined in the bill.
- **Department of Homeland Security (DHS):** \$100 million to DHS's Cybersecurity and Infrastructure Agency (CISA) for cybersecurity education and workforce development, including support for training and upskilling veterans; implementing cybersecurity apprenticeships at CISA; and K-12 programming for underserved communities through CISA's Cybersecurity Education and Training Program. Collaborations with minority-serving institutions (MSIs) and community colleges are encouraged.
- **Department of Veterans Affairs:** \$375 million for expanding health professions residency programs at Department of Veterans Affairs' medical facilities.

Health Care

- **Department of Health and Human Services (HHS):** \$35 billion to invest in the nation's public health infrastructure and workforce including:
 - \$10 billion to support the construction and modernization of health care facilities, including hospitals, with a preference given to "projects" tied to public health and emergency preparedness needs.
 - \$1 billion in funding for construction of medical schools and training support in underserved communities.
 - \$1 billion in funding to support nursing schools, including program enhancement and infrastructure modernization initiatives.
 - \$6 billion to support payments to teaching health centers that administer graduate medical education (GME) programs and teaching health center development grants.
 - \$300 million in funding for the Nurse Corps.
 - \$7 billion to further strengthen public health infrastructure, including support for grants to state and local entities to enhance activities that would improve workforce capacity and competency, testing capacity, surveillance systems, and contact tracing.

- \$3 billion to establish the Advanced Research Projects Agency for Health (ARPA-H) to be used to “expedite the development, application, and implementation of health breakthroughs to prevent, detect, and treat serious or life-threatening diseases.”
 - The bill includes language clarifying that any funds appropriated for ARPA-H should “supplement not supplant” appropriations for existing Institutes and Centers at the National Institutes of Health (NIH).
 - The bill does not specify that ARPA-H should be housed within NIH, unlike the bill advanced through the House Appropriations Committee earlier in the summer.
 - The bill tasks the Secretary of HHS with appointing a Director of ARPA-H, who will in turn hire program officers for the new initiative.
- \$1 billion to support maternal and child health interventions through inclusion of the *Black Maternal Health Momnibus Act* including:
 - \$85 million to address the impacts of climate change-related maternal and infant health risks through health professions schools.
 - \$50 million to advance maternal health research at Minority Serving Institutions (MSI’s).
 - \$175 million for local entities to address social determinants of maternal health.
 - \$100 million for maternal mental health equity grant programs.
 - \$25 million for bias trainings for health care professionals.
- Several funding and policy changes under public programs such as Medicare, Medicaid, and the Children’s Health Insurance Program (CHIP), including \$190 billion to expand Home and Community Based Services (HCBS). The reconciliation package would also allow the Secretary of HHS to negotiate the price of prescription drugs, and provide mandatory rebates for certain drugs in Medicare Parts B and D.

Immigration Reform

The legislation would include policy changes related to immigration, including:

- **Path to Permanent Residence for DACA and Temporary Protected Status (TPS) recipients:** A path to permanent residency would be created for DACA and TPS recipients, along with other categories of undocumented workers. Applicants would be required to have completed or be in the process of receiving a degree from an U.S.-based institution of higher education, earned a career and technical education credential, be participating in an internship or apprenticeship, have a history of earned income, have honorably served in the U.S. armed forces, or be deemed a part of the essential critical infrastructure workforce (such as hospital workers and social workers) among other requirements.
- **Restoration of Immigrant Visas:** The legislation would increase the number of certain types of immigrant visas by taking the difference of visas authorized to be given in every fiscal year from 1992-2021 and the actual number of visas given and adding that number to the number of visas eligible to be given, beginning in FY 2022. Employment-based visas are one of the visa categories that would be impacted by this change.
- **Investment in United States Citizenship and Immigration Services (USCIS):** The legislation would provide \$2.8 billion dollars to the USCIS to increase their capacity to process visa applications.

It is important to note bill’s immigration provisions are currently under review by the Parliamentarian as the reconciliation process has restrictive rules on allowable provisions. If the provisions are ruled not germane to the budget, they will likely be struck from the reconciliation package.

Pandemic Preparedness

- **Centers for Disease Control and Prevention (CDC):** \$8 billion in pandemic preparedness funding including:
 - \$5 billion to support public health laboratory infrastructure, including the renovation, expansion, and modernization of state and local public health labs, modernization of CDC laboratories and increased monitoring and oversight over biosafety and biosecurity of state and local public health laboratories.
 - \$1.25 billion to support grants to strengthen vaccine initiatives, such as improving vaccine confidence and vaccination rates.
 - \$1.25 billion to support grants to enhance early warning detection systems and surveillance systems in hospitals and healthcare facilities.
 - \$500 million to support public health data modernization and analytics infrastructure initiatives.
- **Assistant Secretary for Preparedness and Response (ASPR):** \$8 billion including:
 - \$3 billion to support surge capacity during a public health emergency, through construction and modernization of facilities and procurement of domestically manufactured drugs, vaccines, technologies, and other components for the Strategic National Stockpile.
 - \$2 billion to support global and domestic vaccine production and capacity.
 - \$2 billion to support activities to mitigate supply chain risks and resilience for critical drugs and supplies.
 - \$500 million to support the Biomedical Advanced Research and Development Authority (BARDA).
 - \$500 million to support biosafety and biosecurity research on infectious diseases.

Regional Innovation and Economic Development

- **Department of Commerce (DOC):** \$9 billion to support planning and establishment of regional innovation initiatives. This is likely for the creation of new Regional Technology Hubs with funding coming from two committees that share jurisdiction over DOC. The House Science Committee set aside \$4 billion under an authorization for “regional innovation initiatives” and the House Transportation and Infrastructure Committee set aside \$5 billion for “regional economic growth clusters” under the Economic Development Administration (EDA) Economic Adjustment Assistance program. The \$9 billion for regional development would be split between two authorities, which can be reconciled by the Senate. The House Science Committee also adopted an amendment to set aside 1/3 of their \$5 billion for EPSCoR states and/or rural or other underserved communities.
- **Economic Development Administration (EDA):** In addition to support for Regional Technology Hubs, funding would be provided for several EDA programs, including:
 - \$4 billion for a new "Recompete Pilot Program" to improve an area's prime age employment rate by providing long-term assistance to persistently distressed communities. While universities are not explicitly listed as eligible, public entities or nonprofit organizations acting in cooperation with state economic development officials can apply.
 - \$1 billion for EDA's flexible Economic Adjustment Assistance (EAA) program that supports a variety of construction, non-construction, innovation, and/or workforce development projects. Of the \$1 billion, \$500 million is set aside to provide assistance to energy and industrial transition communities and \$50 million is for technical

assistance support with grant-making and planning, primarily for undeserved communities.

- \$500 million for the flexible EDA Public Works program that supports physical infrastructure investments.
- **National Institute of Standards and Technology (NIST):** \$2 billion for manufacturing, including \$1 billion for the Hollings Manufacturing Extension Partnership (MEP) and \$1 billion for advanced manufacturing research, development, and testbeds.
- **Small Business Administration (SBA):** \$17.5 billion was set aside for the Small Business Committee, including:
 - \$1 billion to establish the Uplift Accelerator Program that would create a national network of government contracting incubators at Minority-Serving Institutions (MSIs) to promote underrepresented small businesses.
 - \$1 billion to establish a national network of small business incubators in underrepresented communities.
 - \$725 million for a Business Development Academy program to develop and establish a 12-month mentoring and training program for small business concerns.
 - \$400 million for the Growth Accelerator Competition over 10 years to provide minimum awards of \$100,000, which is \$50,000 over the standard award amounts. The program aims to expand the capabilities of growth accelerators to assist small businesses focused on technology, research, and development.
 - \$675 million to build out a national innovation support ecosystem network, of which \$525 million would be for universities and other innovation partners to address the needs of eligible businesses to advance the pipeline of innovative startups, and \$150 million would be to facilitate STEM fellowships and internships, prioritizing underrepresented individuals from undergraduate to post-doctoral levels.
 - \$105 million for entrepreneurial education and support for incarcerated and formerly incarcerated individuals.

Research and Development

- **NSF:** \$7.55 billion for research, scholarships, and fellowships across NSF, including funding to support the new Technology, Innovation, and Partnerships (TIP) Directorate and STEM education. NSF would also be authorized to use this funding to help in the recovery of COVID-19 related disruptions (the only agency to receive funding from Congress for COVID-19 research recovery). Within the \$7.55 billion, \$400 million would be dedicated to climate change research and \$700 million for MSIs.
- **DOE:** \$3.2 billion for research, development, and demonstration activities, including \$2 billion for new Office of Science initiatives in quantum computing, inertial and other forms of fusion energy, low-dose radiation research and an expansion of the Computational Science Graduate Fellowship program; \$1.1 billion for renewable energy and energy efficiency demonstration projects, including in wind, solar, geothermal, water power, vehicles, bioenergy, and building technologies; \$52 million for a nuclear reactor research infrastructure program; and \$20 million for DOE's Office of Economic Impact and Diversity to support diversity, equity, and inclusion programs across the applied energy offices.
- **NIST:** \$1.2 billion for research including artificial intelligence, cybersecurity, quantum, biotechnology, communications technologies, advanced manufacturing, resilience to natural hazards including wildfires, and greenhouse gas reduction and other climate-related activities. However, most of this funding would likely be to support R&D at NIST facilities.

- **Department of Justice (DOJ):** \$2.5 billion for evidence-based community violence intervention programs at the Department of Justice to support evidence-based strategies to reduce community violence, support training, research, and data collection on such strategies, and support research on the impact of community violence on demographic categories.
- **DOT:** \$8 million for a university-led highly automated vehicle and mobility innovation clearinghouse. Separately, \$3.95 billion would be allocated for Neighborhood Access and Equity Grants under the Federal Highway Administration (FHWA). Within that amount, universities would be eligible to partner with state and/or eligible local or tribal government entities to receive grants for planning and capacity building activities in disadvantaged or underserved communities.
- **DHS:** \$50 million to DHS's Cybersecurity and Infrastructure Agency (CISA) for research and development on securing operational technology, including industrial control systems, against cybersecurity vulnerabilities.

Research Infrastructure

The House reconciliation package would provide funding to build new facilities and major instrumentation to advance U.S. competitiveness in science and technology, including:

- **DOE:** \$12.3 billion for DOE laboratory infrastructure to accelerate the construction of world-class user facilities; support new instrumentation and experiments at research universities and national laboratories; advance science lab infrastructure at all 10 DOE national laboratories; and fund other general national lab infrastructure, such as general plant projects, that improve land, buildings and utility systems to meet safe and reliable facility operations. While most of the funding is for the Office of Science, within the \$12.3 billion is \$1.2 billion to fund research infrastructure at national labs that support renewable, nuclear, and fossil energy activities.
- **NASA:** \$4 billion for the repair, modernization, and upgrade of facilities and laboratory infrastructure at NASA Centers.
- **USDA:** \$3.75 billion, including \$3.65 billion for infrastructure for land grant universities and non land grant colleges of agriculture. Within this amount, 27 percent is set aside for 1890, 1994 Land Grant Universities and other qualifying Minority Serving Institutions. The remaining \$100 million is for research equipment grants. There will be no matching requirement for these funds.
- **NSF:** \$3.4 billion for research infrastructure, facilities, and equipment, including mid-scale infrastructure and additional major research equipment and facilities construction (MREFC) projects. Of this amount, \$1 billion is allocated for Academic Research Infrastructure, of which \$300 million is set aside for Minority Serving Institutions (MSIs).
- **NOAA:** \$2 billion for research infrastructure, including new high performance computing capabilities, a phase array radar to improve weather forecasts, and addressing deferred maintenance and needed upgrades to science equipment and instruments related to meteorological, hydrological, climatological, and other oceanic and atmospheric missions.
- **ED:** \$2 billion for a new Research and Development Infrastructure competitive grant program to support planning grants and implementation awards to four-year Historically Black Colleges and Universities (HBCUs) and designated MSIs, which are not classified as very high research activity institutions, as well as related consortia.
- **NIST:** \$1 billion to support NIST infrastructure.

Tax and Revenue Issues

The House Ways and Means bill contains several provisions relevant to higher education, including:

- Beginning in 2022, excludes the full value of Pell Grant awards from gross income.
- Repeals the prohibition excluding students convicted of a state or felony drug offense from claiming the American Opportunity Tax Credit.
- Beginning in 2022, a phase out for an institution's endowment investment income excise tax liability based on financial aid provided by the institution.
- Reinstates Build America Bonds and advanced refunding bonds.
- Creates a public university research infrastructure credit.
- Expands the energy efficiency construction tax credit to cover private nonprofit institutions.
- Provides institutions of higher education a tax credit to establish an environmental justice program that is designed to address, or improve data about environmental stressors, such as toxic pollutants, for the purpose of improving the health and economic outcomes of individuals residing in low-income areas.

Sources:

Below are links to the 13 House bills that make up the current reconciliation package.

- House Agriculture Committee reconciliation [bill](#).
- House Education and Labor Committee reconciliation [bill](#).
- House Energy and Commerce Committee reconciliation [bill](#).
- House Financial Services Committee reconciliation [bill](#).
- House Homeland Security Committee reconciliation [bill](#).
- House Judiciary Committee reconciliation [bill](#).
- House Natural Resources Committee reconciliation [bill](#).
- House Oversight Committee reconciliation [bill](#).
- House Science, Space, and Technology Committee reconciliation [bill](#).
- House Small Business Committee reconciliation [bill](#).
- House Transportation and Infrastructure Committee reconciliation [bill](#).
- House Veterans Affairs Committee reconciliation [bill](#).
- House Ways and Means Committee reconciliation bills—[here](#) and [here](#).