



Memorandum

May 31, 2023

TRP SPECIAL REPORT: DETAILS OF THE BIPARTISAN FISCAL RESPONSIBILITY ACT

EXECUTIVE SUMMARY

Following weeks of contentious negotiations and uncertainty over the debt ceiling, President Joe Biden and House Speaker Kevin McCarthy (R-CA) struck an agreement over the weekend that would avert a U.S. credit default in exchange for a series of budgetary and policy reforms. While negotiations leading up to this deal proved difficult, lawmakers now face a tight deadline to clear the package before the Treasury Department's anticipated June 5 "X date." This memo provides an overview of provisions contained within the package as well as a repository of documents and resources as they pertain to the bill.

RELEVANT DOCUMENTS

- [Section-by-section](#)
- [Statement of Administration Policy](#)
- [GOP Section-by-section](#)
- [Rescissions Summary](#)
- [SNAP-TANF Background](#)
- [Appropriations One-pager](#)
- [Conservative Senate Opposition Talking Points](#)
- [Budget Agreement One-pager](#)

LEGISLATIVE SUMMARY

In addition to suspending the debt limit until January 1, 2025, the [Fiscal Responsibility Act](#) includes the following policies:

- **Government spending.** The bill establishes two years of discretionary spending caps, as well as a one percent cut in government spending if all 12 appropriations bills do not pass by the end of the year. It also establishes discretionary spending limits for fiscal years (FY) FY 2026-2029, but these caps are not subject to the aforementioned sequestration rules. These discretionary spending limits are set at:
 - \$1.62 trillion for FY 2026
 - \$1.64 trillion for FY 2027
 - \$1.65 trillion for FY 2028
 - \$1.67 trillion for FY 2029

- **TANF.** The bill would establish a new five-state pilot program to encourage greater work and better family outcomes in the Temporary Assistance for Needy Families (TANF) program. The bill also takes steps to prevent states from sending “small checks” under the TANF program to employed SNAP recipients and require the Department of Health and Human Services (HHS) to collect data from states on outcome metrics for TANF recipients. The pilot program established under this provision would be authorized for six years.
- **SNAP.** Under the terms of the deal, the bill would tighten work requirements in the Supplemental Nutrition Assistance Program (SNAP) for able-bodied, low-income adults without dependents between the ages of 18-54. However, it would loosen work requirements for veterans, homeless individuals, and people leaving foster care. It would also decrease from 12 percent — established by the Agriculture Improvement Act of 2018 — to 8 percent, the number of able-bodied adults without dependents that qualify for an exemption from the federal work requirement for SNAP through FY 2023 and would sunset the exemption for fiscal 2024 and thereafter.
- **IRS Enforcement Funding.** The bill would claw back roughly \$20 billion in Inflation Reduction Act (IRA) funding for enforcement activities at the Internal Revenue Service (IRS). However, this provision is rumored to be a “handshake agreement” between Speaker McCarthy and President Biden and is not included in the text of the legislation. The bill itself only rescinds \$1.39 billion in unobligated balances originally appropriated to the IRS under the IRA. The agreement on the \$20 billion rescission is said to be repurposed over the next two fiscal years to shore up other non-defense spending priorities.
- **Rescissions.** The bill would rescind nearly \$30 billion in unobligated COVID-19 relief funds. Notable rescissions include: (1) \$10.4 billion from the Public Health and Social Services Emergency Fund — not to include cuts to programs involving vaccine development, testing procurement capacity, and other critical needs; (2) \$2.2 billion in Highway Infrastructure Programs — excluding funds provided for under the Infrastructure Investment and Jobs Act (IIJA); (3) \$1.7 billion in Centers for Disease Control (CDC) activities — excluding those involving genomic surveillance or vaccine safety and efficacy; and (4) \$1 billion in state unemployment insurance programs. A full list of the funding rescissions can be viewed [here](#).
- **Cost of War Toxic Exposure Fund.** The bill would appropriate funding to the Department of Veterans Affairs’ Cost of War Toxic Exposures Fund for FY 2024 and 2025. This would provide \$20.7 billion for FY 2024 and \$24.6 billion in FY 2025.
- **Administrative Pay-As-You-Go.** Under the bill, agencies would be required to submit any plans for certain discretionary administrative actions to the Office of Management and Budget (OMB) for review, including proposed actions the agency would take to cut direct spending, either greater than or equal to the increase that would result from the proposed action. Plans that do not include actions to offset direct spending would be sent back to the

agency, which would then have to resubmit the plan with an offset proposal. However, the OMB is granted the authority to waive this requirement for “essential services” or are deemed “necessary for effective program delivery.”

- **Student Loan Repayment.** The provision would end the pause on federal student loan payments and the accrual of interest on those loans 60 days after June 30, 2023. Additionally, the bill prohibits the Department of Education from extending this payment pause without congressional approval. The suspension of such payments was provided for under the CARES Act and would *not* nullify the Biden administration’s student loan debt forgiveness plan unveiled in August of 2022.

- **Permitting Reform.** Incorporate a series of modest permitting reforms within the National Environmental Policy Act (NEPA). These reforms include:
 - Elements of the **BUILDER Act**, codifying the One Federal Decision Framework, such as joint schedules, dispute resolution procedures, and single environmental impact statements.
 - Directing the Council on Environmental Quality to report to Congress on the possibility of creating an online portal for permits requiring NEPA review, with a budget of \$500,000 allocated for this purpose.
 - Requiring the North American Electric Reliability Corporation (NERC) to study the total transfer capability between neighboring transmission planning regions and make recommendations to strengthen reliability.
 - The findings of the study would be submitted to the Federal Energy Regulatory Commission (FERC) within 18 months, followed by a public comment period and a subsequent report to Congress by FERC.
 - Authorizing the construction and operation of the proposed Mountain Valley Pipeline, directing the Army to issue permits and verifications within 21 days of enactment.

- **Budget Enforcement in the House.** The bill would require the House Budget Committee to provide a statement outlining various allocations and budgetary information. This includes allocations for the House Appropriations Committee for FY 2024, considering discretionary spending limits and any resulting outlays. The statement should also include committee allocations for FY 2024 regarding current mandatory budget authority. For all other House committees, the statement should cover allocations for FY 2024 and FYs 2025 through 2033, focusing on the budgetary effects of any newly enacted laws during that period.

- **Budget Enforcement in the Senate.** The bill would require the Senate Budget Committee to provide a statement including allocations for the Senate Appropriations Committee for fiscal year 2024, factoring in the adjusted discretionary spending limits, as well as any resulting outlays and committee allocations for FY 2024 regarding current mandatory budget authority. For all other Senate committees, the statement should cover allocations and aggregate revenue levels for FY 2024, as well as the periods from FY 2024 through 2028 and

FY 2024 through 2033. Additionally, the statement should address the budgetary effects of any recently enacted laws during the period.