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Fiscal Responsibility Act of 2023 Summary

President Biden and Speaker McCarthy reached a deal over the weekend to raise the debt limit for what is anticipated to be at least two years (past the 2024 election) and avert a default in exchange for several House Republican policy priorities including rescinding roughly $30 billion in unused and unobligated COVID relief funds. Below is a break down in some of the more relevant rescissions:

- **FHWA CRRSAA rescissions:** Almost $2.2 billion of unobligated FHWA funds from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) are rescinded upon date of enactment (just days away).
  - *California Impact: Any CRRSAA funding not obligated by Caltrans, including unobligated suballocated portions, will be rescinded. Caltrans received $911.8 million from CRRSSA and any funds not obligated in the next several days will be rescinded.*
    - This only applies to CRRSA funds
    - This only applies to funds that have not been obligated

- **FTA funding:** The legislation did not rescind funding allocated to transit agencies. That money will remain available. FTA estimates that nearly $3 billion of COVID relief funding has yet to be obligated out of the more than $65 billion allocated through COVID relief packages.

The legislation ONLY rescinds COVID relief funding and does not impact recently passed legislation such as the Infrastructure Investment and Jobs Act (IIJA), Inflation Reduction Act (IRA), or the CHIPs and Science Act. In fact, language in the legislation makes any potential future cuts obsolete from a budgetary standpoint.

In addition to the rescissions, the legislation includes a hard budgetary cap for the next two years and then budgetary targets for the following four years. The cap is applied to both defense and non-defense spending. In FY 2024, Non-defense spending will be cut by a little more than 5% from FY 2023. The impact this will have on transportation funding is to be determined as total allocation for the Transportation, Housing and Urban Development, and Related Agencies (THUD) subcommittee and all other subcommittees will ultimately be determined by the annual appropriations bills.

Again, IIJA funding (CMAQ, STBG, transit formula funding, competitive grant programs) are not impacted by the discretionary cap. However, annual earmarks, increases to authorized

programs (such as transit plus-ups) and funding for unauthorized programs will be subject to the caps.

In 2025, funding will be capped at 1% growth. Funding for 2024 and 2025 would be sequestered, meaning if spending bills break the 1% cap, cuts will automatically apply to all spending deals to get under the cap.

Finally, the legislation includes elements of the House BUILDER Act which is designed to streamline and expedite project reviews and permitting. This was a high priority of both Republicans and many Democrats who are seeing clean energy projects stall awaiting permitting reviews.

The Secretary of Treasury has notified Congress that after June 5th it is not certain the US will be able to meet its debt obligations creating a new deadline, The House is scheduled to vote on the bill on Wednesday, May 31st. Assuming the bill passes, the Senate will aim to vote on the bill in the coming days with many believing final passage will take place this weekend.