

THE WHITE HOUSE
MEMO

TO: Senator Capito
FROM: Biden-Harris Team
SUBJECT: American Jobs Plan Negotiations
DATE: May 21, 2021

Thank you for meeting with us on Tuesday and providing additional context and a framework for your Roadmap that would increase new investment, above current levels Congress has traditionally funded, from about \$175 billion to \$225 billion.

We recognize that still leaves us far apart. However, in service of trying to advance these negotiations, the President has asked us to respond with changes to his American Jobs Plan, in hopes that these changes will spur further bipartisan cooperation and progress.

Specifically, these changes would reduce the size of the Jobs Plan proposal for these negotiations by about \$550 billion – reducing it from around \$2.25 trillion in additional investment to about \$1.7 trillion in additional investment.

Potential Changes in the American Jobs Plan -- in the Spirit of Bipartisan Cooperation

The President is prepared to amend his American Jobs Plan proposal in the following ways:

- **Addressing Manufacturing, R&D, and Supply Chain Investments Separately:** Because you have expressed a desire to focus on issues that in your view have been traditionally considered infrastructure, the President is prepared to take off the table the manufacturing, research and development (R&D) and innovation elements of his Jobs Plan – and pursue them in separate legislative processes. These investments are critical to securing our economic competitiveness, but we are prepared to pursue them separately.
- **Modifying Investment in Broadband:** The President is prepared to accept your proposed funding of \$65 billion in broadband investments. We believe we can still achieve universal access to affordable high-speed internet at your lower funding level, though it will take longer. Any funding agreement would need to be paired with reforms to ensure these investments create good jobs, promote greater competition, and close the digital divide.
- **Finding Common Ground on Roads, Bridges, and Major Projects:** The President is prepared to find a common ground on transportation infrastructure funding – provided that we can fund critical priorities necessary to compete internationally. The President believes that it is imperative to make substantial new investments above the current levels that Congress has traditionally funded. In his original proposal, he called for \$159 billion in funding, above current levels, in roads, bridges, and major infrastructure projects, which compares to \$48 billion in your Roadmap. In service of finding a middle ground, he would be willing to reduce his request to \$120 billion in new investment.

- **Supporting an Infrastructure Financing Facility:** We have appreciated the opportunity to engage with you and your staffs about a financing facility for infrastructure projects. As you know, the Jobs Plan includes \$27 billion for a facility that would leverage private capital into energy infrastructure projects, modeled off of a bipartisan proposal in the House. It also includes \$10 billion for a financing facility that would offer debt and equity capital to small and medium-sized manufactures. We are willing to find common ground on a financing facility with a range of infrastructure projects eligible, including energy infrastructure.

Need to Address Investments Entirely Left Out of Your Roadmap

At the same time, we remain concerned that your proposal excludes entirely some investments that are key to our competitiveness and have garnered bipartisan support. For example:

- **Power Sector Investments and Tax Credits:** The President's plan makes a prudent investment in our power infrastructure, including through a new investment tax credit that would build transmission lines and business tax credits for clean energy generation and manufacturing, including carbon capture and sequestration. These are areas that have received bipartisan support, including in legislation that passed in December. These investments and tax credits would also help us meet necessary emission reduction goals.
- **Environmental Remediation Investments:** There are hundreds of thousands of former oil and gas wells, abandoned mines, brownfields, and Superfund sites, particularly in rural communities. The President's plan would put hundreds of thousands of people to work plugging and restoring them, and helping to remediate environmental harms in communities that have borne the brunt of environmental damage for decades.
- **Building and Construction Investments and Tax Credits:** The President believes we can put people to work building and upgrading affordable, sustainable, and resilient, housing units and homes, including with bipartisan tax credits.
- **Veterans Hospital Construction and Modernization:** The median age of private sector hospitals is 11 years; the median age of VA hospitals is 58 years. The President believes we should modernize those hospitals and give veterans the care they deserve.
- **Workforce Development and Training:** Your proposal also does not support investments in worker training and education, even though we agree these will be crucial to ensuring that our workers have the tools to win good jobs of the future.
- **Critical Investments in Care Infrastructure:** Because the President is taking off the table for purposes of these negotiations a significant category of investment that you have argued is not infrastructure, he believes fairness dictates that you consider investments in areas that he believes are vital but are not currently included in your Roadmap. Specifically, he believes investing in our nation's care infrastructure is essential to support our seniors and help our parents, particularly women, get back to work.

Need to Increase Investments at Inadequate Funding Levels In Your Roadmap

In addition, we remain concerned that, in areas where we all agree on the definition of infrastructure, your proposal falls short of our country's urgent needs. For example:

- **Critical Transportation Infrastructure:** The President believes we cannot build a 21st century infrastructure without significant new investments in transit, rail, and electric vehicles (EVs) – particularly when China has 24,000 miles of high-speed rail and has manufactured 3.5 million EVs since 2010, compared to less than 1.5 million for the U.S. Our auto industry and workers agree that we need to invest in EV charging and related infrastructure, battery manufacturing, and consumer incentives to make sure that America wins the clean vehicle future, and the President is resolved that we make this happen.
- **The Elimination of Lead Pipes and Service Lines:** The President believes we have an economic and moral obligation to eliminate lead pipes and service lines in this country, which particularly impact communities too often left behind. While the recent bipartisan water authorization bill is a step forward, your plan does not provide the new investment necessary to achieve this goal.
- **Resilience Investments:** As we grapple with increasingly frequent and severe instances of flooding and extreme weather – and as we face another challenging hurricane, drought, and wildfire season ahead – we are reminded of our nation's underinvestment in strengthening the *resilience* of our physical infrastructure to help us respond. The President's plan invests in hardening our transportation and other physical infrastructure, as well as in building natural systems that protect our communities during extreme weather events.

Approach to Offsets in Your Roadmap

Finally, the President appreciates your input on how to pay for these critical investments. As he discussed with you, he fundamentally disagrees with the approach of increasing the burden on working people through increased gas taxes and user fees, regardless of where users live or the type of vehicles they drive. As you know, he made a commitment to the American people not to raise taxes on those making less than \$400,000 per year, and he intends to honor that commitment. Major corporations are among the largest users of transportation infrastructure in our country. They are also paying the lowest level of taxes as a share of our economy since the 1930s. Our approach should ensure that corporations are paying their fair share.