



(703) 340-4666

[www.keyadvocates.com](http://www.keyadvocates.com)

## *February 2024 Insights*

### **Budget Agreement and New Continuing Resolution**

On January 7, Congressional leaders (Majority Leader Schumer and Speaker Johnson) reached a deal on overall FY24 budget totals - \$886B for defense and \$773B for non-defense, both in line with the totals the President and former Speaker McCarthy struck as part of last summer's debt ceiling package. These are topline levels – the appropriators will decide funding for individual programs but have to stay within the overall defense/non-defense totals.

Non-defense budgets would remain roughly flat, less than a one percent decrease compared to current funding. Defense programs would see a three percent increase. The agreement also includes rescissions of \$6B in unspent pandemic aid and \$20B for IRS enforcement, emergency funding of \$12.5B rather than \$23B under the debt accord, and mandatory programs at \$15B rather than \$25B under the debt accord.

Notwithstanding the agreement, there has been significant pushback from House Republicans. They are fiercely divided over the best path forward with proposals including increased funding for defense, border security language, additional spending cuts, a “skinny CR” to extend government funding for a year for certain programs, a “fat CR” that would include billions of additional dollars for defense, keep the agreement topline numbers but fight for inclusion of various policy riders, and honoring the agreement without change since, presumably, the Speaker gave his word to Schumer.

To demonstrate their level of opposition, a group of conservatives protested a rule to allow Floor consideration of a spending bill by joining with Democrats to defeat it, the second rule vote defeat in Johnson's short tenure. That action raises questions over what extent conservatives will go to express their frustration at Johnson and with the budget agreement.

To date, the Speaker has said that he will honor the agreement he struck with Schumer, although initially he had expressed second thoughts after hearing from some of his Members.

To allow time for the appropriators to implement the agreement, on January 18 Congress passed and on January 19 the President signed into law a new CR that would extend funding until March 1 for four appropriations bills – Military Construction, Veterans, Transportation/Housing and Energy and Water (funds WIIN grants). The remaining bills including the Interior Appropriations bill (funds the SRF's) would be funded until March 8. It is not clear, if agreement is reached on these bills, whether they would be considered on the Floor individually (the House Republican preference) or as minibuses (the Senate preference).

On January 28, Senate Appropriations Chair Murray and House Appropriations Chair Granger struck an agreement for the 12 spending bills. The details haven't been released.

Hanging over all this is a provision in last summer's debt agreement that if there is a short-term CR and appropriation bills are not enacted by its expiration date, defense funding would be cut automatically by one percent and non-defense amounts by an estimated five percent. A nine percent cut to domestic programs would be exacted if Congress fully funds the government at levels contrary to the budget agreement.

### **FY24 House Congressional Budget Resolution**

Like the budget agreement, the budget resolution provides for overall budget aggregates – spending, revenues, debt and deficit - not only for FY25 but for the next five fiscal years. The resolution then divides those up among thirteen major categories of the government – for example, agriculture, veterans, etc. Those then become the basis for the Appropriations Committees to decide how much each of its subcommittees can spend. Each subcommittee is given a spending allocation and while it can decide how to spend it, it has to “live” within its allocation. The budget agreement provides only topline numbers and beyond that it's up to the appropriators to decide program funding. Given that, and assuming that “some” budget agreement will hold, there is less of a need for a congressional budget resolution. So the options are no resolution or a resolution that formalizes the budget agreement.

As a result, next steps are unclear. The only resolution to date is a House Republican Budget Committee resolution for which the accompanying report is still not filed, and there is no concurrent resolution number, and House passage was expected in the past few weeks but did not materialize. No Senate action to date.

Highlights of the House Republican Budget Committee budget resolution -

- FY24 discretionary spending at the FY22 level of \$1.47T;
- Spending to grow by only 1 percent a year;
- Overall, discretionary spending to come down by \$4.6T over a decade;
- Deficits to be reduced by \$16.3T over a decade; and,
- A surplus of \$130B at the end of ten years.

### **FY24 Energy and Water Appropriation Bills: WIIN Grant Funding**

Both the House-passed and Senate-reported Energy and Water Appropriations bills (H.R. 4394 and S.2443 respectively) provide \$30M for Title XVI of which \$20M is for WIIN grants. Given that, there should be no issue in the current conference. The President's FY 24 Budget proposed \$4M for Title XVI, the same as the FY23 Biden Budget.

### **FY24 Interior Appropriation Bills: SRF Funding**

The House-passed Interior Appropriations bill (H.R. 4821) provides \$1.005B - a general fund base allotment of \$535M and earmarks of \$470M. The Senate-reported Interior Appropriations bill (S.2605) provides \$1.639B - a general fund base allotment of \$1.294B and earmarks of \$345M. The President's FY 24 Budget proposed \$1.639B.

The Bipartisan Infrastructure Law (BIL), which was not changed by either bill, provides an additional \$2.628B for the CWSRF. NOTE: the BIL provided funding for FY22-26 – it would be up for re-authorization by the end of FY26.

Safe Drinking Water SRF - the House-passed Interior Appropriations bill provides \$870.6M - a general fund base allotment of \$460.6M and earmarks of \$410.3M. The Senate-reported Interior Appropriations bill provides \$1.126B - a general fund base allotment of \$882M and earmarks of \$243.6M. The BIL, which was not changed by either bill, provides an additional \$3.000B for the SDWSRF. For the SDWSRF, the President's FY 24 Budget proposed \$1.126B.

As negotiations are underway between House and Senate Appropriations Committees, we continue to engage House and Senate Appropriations Committee Members and staff, primarily Democrats, in strong support of at least the FY24 SRF baseline funding levels in the Senate-reported bills, strong opposition to the baseline funding levels in the House-passed bills, and at least \$20M for WIIN grants.

### **Earmark Funding: Generally**

We continue to pursue discussions with the Hill and SRF stakeholders regarding appropriations for SRF baseline funding and related earmarks. For FY 22 and 23 (and now for FY24), earmark funding was a takedown from the SRF base allotments and not from a separate earmark funding account. As a result, the base allotments were adversely impacted. The Coalition's position is that continuance of that approach is a real problem and counter to the goal of the Bipartisan Infrastructure Law which was to increase SRF spending over and above increases in the traditional appropriations process and not in lieu of reductions by that process.

### **Earmark Funding Specifically: FY24 Clean Water SRF**

As part of the SRF funding lobbying effort, we also continue to support, as the maximum, the earmark funding level in the Senate bill and oppose the higher level in the House-passed bill. We have also express strong opposition to combining the earmark funding levels which impacts adversely the baseline funding.

Clean Water SRF – the House-passed Interior Appropriations bill provides \$470M for earmarks. The Senate-reported Interior Appropriations bill provides \$345M for earmarks.

For the CWSRF, the President's FY 24 rejected earmarks as a takedown from the basic SRF funding.

### **FY25 President's Budget**

The President's Budget, by law, is to be submitted to Congress on the first Monday in February – this year, February 5. That deadline is often missed. For example, last year the Budget was submitted on March 9. Given the state of the union this year is the first week in March, the budget will likely coincide with that.

## **STREAM Act (S.2162) Update**

Notwithstanding Senator Feinstein's passing, we continue to advocate for action on the bill. We are also looking for another Senator to take the lead on it.

To review, the bill was introduced on June 22 by Senator Feinstein with Senators Sinema (I-AZ) and Kelly (D-AZ)) as cosponsors. On July 19, a hearing was held on the bill by the Subcommittee on Water and Power of the Energy and Natural Resources Committee. On May 24, at the request of staff of Senator Feinstein, the Coalition sent a letter of support for the the bill regarding its plan introduction. The bill is basically the same bill the Senator introduced last Congress and includes the following: \$300M over five years for water recycling, \$750M for surface and groundwater storage and conveyance projects, \$150M for desalination projects, \$100M for projects to provide drinking water for disadvantaged communities, and \$250M for environmental restoration projects. The Napolitano office said that they are monitoring action on the bill to decide next steps.

## **Issues/Bills of Interest**

To the extent that there is an effort to revisit some of the non-controversial items in the House-passed "Build Back Better" bill, the Coalition supports \$125M for the Alternate Water Source Program and \$100M for recycled water mega projects.