

## Summary of Federal Legislative Report – March 19

### ***Fiscal Year 2018 Budget***

Solano County's Washington representatives provided the Legislative Committee with an update on the status of the fiscal year 2018 budget. At the time of the committee's March 19 meeting, congressional leaders were on the cusp of releasing the details of a massive \$1.3 trillion spending deal. On Wednesday, March 21, the text of the omnibus appropriations package was made public and the bill was subsequently cleared by both chamber of Congress.

Approval of the spending agreement (HR 1625) brings closure to a months-long budget stalemate that was marked by five short-term funding patches and two brief government shutdowns. As expected, the omnibus adheres to the topline spending levels that were authorized by Congress as part of the recent *Bipartisan Budget Act* (PL 115-123). All told, HR 1625 provides \$700 billion for the Pentagon and \$591 billion for domestic discretionary programs in the current fiscal year (which translates into an \$80 billion increase in defense spending and a \$63 billion boost for domestic programs when compared to the levels that were authorized under the *Budget Control Act* of 2011).

While a series of 11th-hour disputes threatened to derail the budget negotiations, Republican and Democratic leaders struck several notable compromises that ultimately allowed a final spending deal to emerge. With regard to immigration and border security, lawmakers agreed to include \$1.6 billion for President Trump's border wall, instead of the \$25 billion sought by the White House. Notably, the bill restricts the manner in which the funds may be spent (i.e., the dollars may be used for repairs or secondary fencing where existing barriers are in place along the Southwest border; new barriers would need to be levees or bollard-type fencing). Missing from the final package is language that would protect young undocumented individuals from the threat of deportation.

To follow are a number of highlights from the omnibus spending legislation.

### **Health and Human Services**

The final budget provides significant spending increases for several key HHS programs, including the Child Care and Development Block Grant. Under the legislation, child care funding will receive a \$2.4 billion boost, nearly doubling the program to \$5.2 billion in fiscal year 2018.

The bill also increases funding for opioid treatment and intervention programs by \$2.55 billion, bringing total fiscal year 2018 funding to \$3.6 billion. Within that total, the legislation provides: \$415 million to expand behavioral health and substance use disorder prevention and treatment services, particularly in rural communities; \$1 billion for a new State Opioid Response Grant, with a 15 percent set-aside for states with the highest mortality rates related to opioid use disorders; and, \$40 million for mental health and substance use prevention and treatment for children and families in the foster care and child welfare systems.

Furthermore, incentive payments for adoption and legal guardianships were doubled from \$37 million to \$75 million. The *Child Abuse Prevention and Treatment Act* (CAPTA), which assists states in implementing child safety plans, was increased for the first time since fiscal year 2005, rising from \$25 million to \$85 million. Also receiving a boost – from \$385 million to \$445 million – is the *Promoting Safe and Stable Families Act* (PSSF), which funds state and county programs that are designed to support at-risk families.

The omnibus also provides increases for the Healthy Start program and the Maternal and Child Health Block Grant (\$7 million and \$10 million, respectively). Head Start is receiving a \$610 million boost.

Appropriators rejected the Trump administration's proposal to eliminate the Community Services Block Grant (CSBG), the Low Income Home Energy Assistance Program (LIHEAP), and the Social Services Block Grant (SSBG). Under the final spending bill, CSBG is level funded at \$715 million and LIHEAP is increased by seven percent, for a total of \$3.6 billion. The SSBG again escaped elimination, receiving flat funding of \$1.7 billion.

Finally, although Senate negotiators had reached a bipartisan agreement to fund the *Affordable Care Act's* cost sharing reduction payments to insurers, the language was dropped from the final omnibus. The payments have been provided to insurance companies to assist low- to moderate-income subscribers in meeting their health insurance co-pays and deductibles.

### **Justice Programs**

The final budget provides \$240 million for the State Criminal Alien Assistance Program (SCAAP), or a \$30 million increase. The boost in funding represents the single largest annual increase in SCAAP since fiscal year 2006.

The legislation also provides increases for the Byrne Memorial Justice Assistance Grant (JAG) program and the *Violence Against Women Act* (VAWA). Under the bill, JAG is set to receive \$416 million, a \$13 million boost, while VAWA programs are funded at \$492 million, an increase of roughly \$11 million.

Additionally, the omnibus sets the amount of funding for programs authorized under the Victims of Crime Act (VOCA) at over \$4.4 billion, an increase of more than \$1.8 billion. The legislation specifies that three percent of VOCA funds must be directed to Indian tribes for improved services for victims of crime.

With regard to the opioid epidemic, the bill directs \$447 million for DOJ grant programs to help stem opioid abuse, including funds for drug courts, treatment, prescription drug monitoring, heroin enforcement task forces, overdose reversal drugs, and at-risk youth programs. The funding represents a nearly \$300 million increase for opioid-related grant programs.

### **Transportation**

Consistent with the terms of the *FAST Act*, the omnibus provides \$45 billion for the Federal-aid Highway program, or a \$1 billion boost compared to fiscal year 2017. The legislation also provides an additional \$2.5 billion in discretionary funding for roads and bridges, bringing total federal highway spending to \$47.5 billion in fiscal year 2018.

With regard to public transportation, the spending bill provides \$13.5 billion in total budgetary resources for the Federal Transit Administration, or a \$1 billion increase. Transit formula grants are set at \$9.7 billion, which is consistent with the *FAST Act's* authorized funding levels.

The measure also includes a \$1 billion boost in the Transportation Investment Generating Economic Recovery (TIGER) grant program, bringing total fiscal year 2018 spending to \$1.5 billion. Language is included in the legislation directing that at least 30 percent of TIGER grants must go to rural communities.

Finally, the omnibus provides an additional \$1 billion in discretionary grants for infrastructure improvements at the nation's airports. The bill ensures that small and rural airports will receive priority for the new funding.

### **Housing**

Lawmakers agreed to fund the Community Development Block Grant (CDBG) program at \$3.3 billion, or a \$300 million boost above fiscal year 2017 levels. Additionally, the Home Investment Partnerships Program and Homeless Assistance Grants are receiving increases of \$412 million and \$130 million, respectively.

### **Department of Homeland Security**

The final spending deal includes increases for a number of DHS and FEMA grant programs, including State Homeland Security Grants (a \$40 million increase), the Urban Area Security Initiative (a \$25 million boost), and Predisaster Mitigation Grants (a nearly \$150 million increase).

The legislation also includes \$319 million for Criminal Alien Program operations, including the addition of 31 new communities to the 287(g) program, which partners with local law enforcement to process, arrest, and book undocumented criminals into state or local detention facilities.

### **Department of the Interior / Public Lands**

The final budget includes \$530 million for the Payments-in-lieu-of-Taxes (PILT) program, a \$65 million increase.

With regard to wildfire funding, the legislation includes a long sought-after bipartisan proposal that will alter the budgetary treatment of fighting future wildfires. Specifically, in years when fire suppression costs exceed the ten-year average, a budget-cap adjustment will be used to

fund firefighting activities. This new contingency account – which will begin in fiscal year 2020 and run through fiscal year 2027 – will receive an additional \$2.3 to nearly \$3 billion per year. It should be noted that this funding would only be used once all suppression funds are depleted.

The omnibus also would freeze the 10-year average computation of fire suppression costs at the 2015 level. This will enable the Forest Service to invest in other valuable programs, without having to dedicate an increasing percentage of its budget to firefighting costs.

On a related matter, the omnibus includes several forest management reforms. For example, the bill includes language providing a categorical exclusion from the *National Environmental Policy Act* (NEPA) for hazardous fuels reduction projects up to 3,000 acres (previously 1,000 acres) that are collaboratively planned. Another provision will expedite projects that reduce vegetation around power lines.

### **Department of Agriculture**

The legislation includes investments in infrastructure to help rural areas access basic utilities, including more than \$3 billion – \$1.8 billion above the fiscal year 2017 level – for rural water and waste program loans. In addition, the spending measure provides nearly \$1 billion in water and waste grants for clean and reliable drinking water systems and sanitary waste disposal systems, a \$500 million increase.

The omnibus also provides \$6.9 billion for rural electric and telephone infrastructure loans, the same level as fiscal year 2017. The legislation also includes more than \$685 million to expand broadband service – approximately \$625 million above fiscal year 2017 – as well as \$52 million for Distance Learning and Telemedicine grants to help rural communities connect to educational and health care services and help address the opioid epidemic in rural America.

Pursuant to the terms of the omnibus, mandatory spending for the Supplemental Nutrition Assistance Program (SNAP) is projected to be \$74 billion. That amount fully funds the SNAP program in fiscal year 2018 and is \$4.5 billion below the fiscal year 2017 level due to declining enrollment and an improving economy. The Women, Infants and Children (WIC) program is fully funded at \$6.2 billion, which is based on USDA projections of program enrollments.

### **Water Resources**

The final spending bill includes \$1.48 billion – \$163 million above the fiscal year 2017 enacted level – for the Department of the Interior and the Bureau of Reclamation for Western water programs and projects. The legislation also includes \$134 million for water resources projects authorized in the *Water Infrastructure Improvements for the Nation* (WIIN) Act, including several water storage projects in California.

The omnibus also provides a total of \$2.9 billion for the Clean Water and Drinking Water State Revolving Loan fund (a roughly \$600 million increase). Additionally, the bill includes \$63 million

for the Water Infrastructure Finance and Innovation Act (WIFIA) program to leverage federal dollars to provide financing for more than \$6 billion in water infrastructure project (a \$33 million boost in funding).

### **Other Provisions**

In addition to setting final spending levels for fiscal year 2018, the omnibus budget package includes several policy riders of interest to Solano County.

#### Rohrabacher-Blumenauer amendment

The final budget retains the Rohrabacher-Blumenauer amendment, which prohibits federal funding from being used to prosecute individuals or businesses acting in compliance with state-legal medical cannabis laws.

#### Federal Aviation Administration

The omnibus extends the authorization for the Federal Aviation Administration through September 30.

#### National Flood Insurance Program

The bill includes a short-term extension of the National Flood Insurance Program. Under the legislation, the program's authorization runs through the end of July.

### ***Fiscal Year 2019 Budget***

While much of the focus on Capitol Hill in recent weeks has been on the need to bring closure to the fiscal year 2018 budget, congressional committees have been reviewing the Trump administration's fiscal year 2019 budget request. As is customary, cabinet secretaries and key agency heads have been appearing before various committees to explain and defend the White House's budget blueprint.

Now that lawmakers have approved the fiscal year 2018 omnibus, the appropriations committees in both the House and Senate are expected to begin the process of crafting next year's spending measures.

### ***Infrastructure***

Various committees in Congress have been holding hearings in recent weeks to discuss the Trump administration's infrastructure proposal. For one, the Transportation & Infrastructure (T&I) Committee held two recent hearings of interest to Solano County. The first hearing, entitled "Examining the Administration's Infrastructure Proposal," featured testimony from Elaine Chao, the secretary of the U.S. Department of Transportation.

The lengthy discussion between Secretary Chao and committee members was marked by lively exchanges over a number of issues, including options for financing increased investment in transportation infrastructure. For her part, Chao indicated that the Trump administration is open to considering “all potential revenue sources,” though stopped short of endorsing any particular funding mechanism, including a potential boost in the federal gasoline tax. It should be noted that the legislative outline released by the White House last month would pay for the federal share of the administration’s infrastructure plan (\$200 billion out of a total of \$1.5 trillion) by cutting a number of existing federal programs.

While lawmakers are split over whether Congress should raise the current gas tax, such a course of action has strong bipartisan backing within the committee, with Chairman Bill Shuster (R-PA) and Ranking Member Peter DeFazio (D-OR) both in favor of an increase. In contrast, House Speaker Paul Ryan (R-WI) stated at a recent town hall meeting that the lower chamber would *not* vote to raise the gas tax to pay for new infrastructure spending.

The second T&I Committee hearing, entitled “Building a 21<sup>st</sup> Century Infrastructure for America: Long-Term Funding for Highways and Transit Programs,” featured testimony from state DOTs and industry executives. On the issue of how to finance future infrastructure improvements, the witnesses overwhelmingly expressed their support for a gas tax increase. One witness – the Western Road Use Charge Consortium (RUC West) – called for an increased focus on the viability of imposing a road usage charging system that relies on a mileage-based fee.

Looking ahead, it is unclear when authorizing committees will begin crafting an infrastructure package. In fact, it has been suggested that Republican leaders will forgo a broad infrastructure bill and will instead move legislation in a piecemeal fashion (i.e., a Water Resources Development Act (WRDA) package and a separate FAA rewrite).