

Federal Legislative Update

Fiscal Year 2019 Appropriations Update

With a little more than one month remaining before the October 1 start of the new fiscal year, lawmakers have made considerable progress on the various appropriations bills that comprise the federal budget. To date, the House has approved the following spending measures: Interior-Environment; Financial Services and General Government; Energy and Water Development (E&W); Military Construction-Veterans Affairs (MilCon-VA); Legislative Branch; and, Defense. The six remaining funding bills have been cleared by the House Appropriations Committee and are awaiting floor action.

Across Capitol Hill, the upper chamber has passed a total of seven spending measures (Interior; Financial Services; Transportation-HUD; Agriculture; E&W; MilCon; and, Legislative Branch). A combined Defense and Labor-HHS-Education funding package is currently on the floor of the Senate and is expected to be approved sometime in August. Like its House counterpart, the Senate Appropriations Committee has successfully cleared all 12 spending bills.

Despite the progress to date, lawmakers are facing several major hurdles in their bid to complete the fiscal year 2019 budget. Not only are there significant differences between the House and Senate appropriations bills in terms of individual programmatic spending levels, a number of controversial policy riders added by House GOP leaders are expected to bog down this fall's negotiations, including language that would shield the California WaterFix project from federal or state legal challenges.

One issue that could bring the appropriations process to a grinding halt is debate over funding for President Trump's border wall. In fact, the president has threatened a government shutdown if lawmakers do not approve his \$5 billion request. While House Republicans have acquiesced to the administration's demands, the Senate's Homeland Security spending legislation recommends only \$1.6 billion for the wall. Incidentally, the president's request is a nonstarter for Democrats, particularly in the absence of a permanent solution to the expired Deferred Action for Childhood Arrivals (DACA) program.

With this and other potential roadblocks ahead, House and Senate leaders are eager to wrap up as many of the spending bills as possible before October 1. Additionally, at this point, there appears to be no appetite on Capitol Hill for a complete government shutdown, especially so close to the midterm elections. Accordingly, a short-term continuing resolution (CR) is likely to be approved by lawmakers.

Legislative Outlook

In addition to the fiscal year 2019 budget, lawmakers will be attempting to complete action on several other major items this fall. Among other bills, members of Congress will be looking to pass a long-term reauthorization of the Water Resources Development Act (WRDA), a multi-year rewrite of the Federal Aviation Administration (FAA), and a renewal of the National Flood Insurance Program (NFIP).

Lawmakers also will be attempting to put the finishing touches on a Farm Bill reauthorization package. Both chambers have approved their respective versions of the bill (HR 2, S 3042), with a formal conference committee expected to commence this fall.

DOI Directive – California Water Infrastructure

On August 17, Interior Secretary Ryan Zinke issued an intra-department directive addressing various aspects of California water policy. Pursuant to the secretary's memorandum, the Bureau of Reclamation, the U.S. Fish and Wildlife Service, and the Interior solicitor are tasked with jointly developing and providing the Deputy Secretary of the Interior with an initial plan of action that provides administrative, legislative, and legal options for maximizing water supplies to Central Valley Project (CVP) contractors.

Among other measures, the aforementioned offices within the Interior Department must recommend options for: streamlining federal environmental laws; constructing new water storage; identifying and making infrastructure improvements necessary to independently operate the CVP; reassessing legal interpretations; resolving issues with the State of California regarding the CA WaterFix project; and, preparing legislative and litigation measures that may be taken to maximize water supply deliveries.

Within 10 days of receiving the initial plan, the Deputy Secretary is charged with providing Secretary Zinke with a final recommendation for action. It remains to be seen if the Department will be able to adhere to the aggressive timeline laid out in the memorandum.