



June 1, 2023

Federal Debt Limit Extension – Current Status

Sante Esposito reports that last night, the House of Representatives passed the debt limit extension bill sending it to the Senate for a vote by June 5, the default deadline. The final House vote was 314 to 117. There were 149 Republicans and 165 Democrats who voted for the bill and 71 Republicans and 46 Democrats who voted against it. Suspending the debt limit through 2025 takes the threat of default off the table until after the Presidential election. In addition to addressing the debt limit, the bill [caps non-defense spending](#), expands work requirements for some food stamp recipients and claws back some Covid-19 relief funds, among other policy provisions.

More information is contained in the attached report from Key Advocates.

CWCC Supports STREAM Act

The STREAM Act would provide \$300 million over five years for water recycling. This would be of specific benefit to the Coalition's California, Arizona and New Mexico members and includes \$750 million for surface and groundwater storage and conveyance projects, \$150 million for desalination projects, \$100 million for projects to provide drinking water for disadvantaged communities, and \$250 million for environmental restoration projects.

See attached letter to Senator Feinstein that expresses support for this bill.

Clean Water and Safe Drinking Water SRF's: FY24 Versus FY22 Funding

For informational purposes, Key Advocates has provided a detailed review of current versus anticipated FY funding for the SRF's. Funding bills in both houses are on hold pending resolution of debt limit extension issue. We are preparing for uncertainty, per the above, as to how funding for the SRF's fares given the FY24 cap.

Key Advocates Report

Included with this notice is Key Advocates recent report which is current to May 31, 2023.

cleanwaterconstructioncoalition.org | P.O. Box 728 | Allenwood, NJ 08720 | Office: (732) 292-4300 | Fax: (732) 292-4310

Robert Briant, Jr. – Chairman

AGC of America • AGC of Texas • Alabama Utility Contractors Association • Arizona Utility Contractors Association • Associated Pennsylvania Constructors • Associated Utility Contractors Of Maryland* • Connecticut Construction Industries Association • CIC of Westchester County & Hudson Valley* • Engineering Contractors Association • General Contractors Association Of New York • Georgia Utility Contractors Association • Indiana Constructors Inc. • Long Island Contractors Association • Maryland Transportation Builders & Materials Association • Michigan Infrastructure & Transportation Association • Minnesota Utility Contractors Association* • National Rural Water Association • New Mexico Utility Contractors Association • NYSLECET • Ohio Contractors Association • Public Works Contractors Association of Maryland • Tennessee RoadBuilders Association • Underground Contractors Association of Illinois* • United Contractors* • UCA of Anne Arundel County • Utility Contractors Association of New England* • Utility & Transportation Contractors Association of New Jersey* • Contractors Association of West Virginia • Wisconsin Underground Contractors Association

* Steering Committee Member



May 24, 2023

The Honorable Dianne Feinstein
U.S. Senate
331 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Feinstein:

On behalf of the Clean Water Construction Coalition (CWCC), I am pleased to support the STREAM Act and commend you for your visionary work regarding our Nation's water resources and needs.

CCWC is a nationwide organization of utility construction associations, including the Southern California Contractors Association, and supporting organizations that have come together to promote federal actions that increase funding and accelerate project delivery for water projects. In so doing, the Coalition collaborates with various organizational allies, including partners in labor and water system operations. Formed in 2005, CWCC is comprised of associations representing 27 states and approximately 11,000 member firms nationwide.

While clean water and safe drinking water are the Coalition's top priorities, the STREAM Act addresses other critical water resources issues, specifically water recycling, desalination and storage projects. These, like the Clean Water and Safe Drinking Water SRF's, are also critical components of our Nation's water resources compendium. For utility contractors, more funding means more projects and more projects means more jobs.

Of particular note, the \$300 million the bill would provide over five years for water recycling would be of specific benefit to the Coalition's California, Arizona and New Mexico members as the \$750 million for surface and groundwater storage and conveyance projects, \$150 million for desalination projects, \$100 million for projects to provide drinking water for disadvantaged communities, and \$250 million for environmental restoration projects.

Utility contractors are largely responsible for the health of our infrastructure. They are active in all phases of heavy, highway, utility, and marine construction, as well as site work including remediation of brownfields and contaminated sites, energy transmission, telecommunications, transporting water, providing for clean water and the infrastructure to manage water supply.

The STREAM Act builds on the success of the Bipartisan Infrastructure Law by putting in place necessary funding and programmatic changes for the foreseeable future. If the STREAM Act is the most we can do at this time to meet critical national water needs, it is the very least we must do. To that end we commend and thank you.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Dan Kennedy", is written over a light blue background.

Dan Kennedy
Chairman

cleanwaterconstructioncoalition.org | P.O. Box 728 | Allenwood, NJ 08720 | Office: (732) 292-4300 | Fax: (732) 292-4310

Robert Briant, Jr. – Chairman

AGC of America • AGC of Texas • Alabama Utility Contractors Association • Arizona Utility Contractors Association • Associated Pennsylvania Constructors • Associated Utility Contractors Of Maryland • Connecticut Construction Industries Association • CIC of Westchester County & Hudson Valley • Engineering Contractors Association • General Contractors Association Of New York • Georgia Utility Contractors Association • Indiana Constructors Inc. • Long Island Contractors Association • Maryland Transportation Builders & Materials Association • Michigan Infrastructure & Transportation Association • Minnesota Utility Contractors Association* • National Rural Water Association • New Mexico Utility Contractors Association • NYSLECET • Ohio Contractors Association • Public Works Contractors Association of Maryland • Tennessee RoadBuilders Association • Underground Contractors Association of Illinois* • United Contractors* • UCA of Anne Arundel County • Utility Contractors Association of New England* • Utility & Transportation Contractors Association of New Jersey* • Contractors Association of West Virginia • Wisconsin Underground Contractors Association

* Steering Committee Member



(703) 340-4666

www.keyadvocates.com

June 2023 Insights

NOTE: default deadline June 5. House of Representatives expected to vote today on agreement/bill after 7PM EST. Passage is expected with supporting votes coming from both parties. Senate consideration starting tomorrow.

Debt Limit Extension Agreement: the “Fiscal Responsibility Act of 2023”

- **Raises the debt ceiling:** Increases the debt limit for two years until January 1, 2025.
- **Caps non-defense spending:** Rolls back to FY22 levels, described as “remaining essentially flat,” with a 1% annual growth for the next six years.
- **Defense spending:** Would be protected, rising about 3% for FY24.
- **Protects veterans’ medical care:** Maintains full funding for veterans’ health care and increases support for the PACT Act’s toxic exposure fund by nearly \$15B for FY24.
- **Expands work requirements:** Temporarily broadens work requirements for certain adults receiving food stamps. Currently, childless, able-bodied adults ages 18 to 49 are only able to get food stamps for three months out of every three years unless they are employed at least 20 hours a week or meet other criteria. Raises the age to 54. Also expands exemptions for veterans, people who are homeless and others in the Supplemental Nutrition Assistance Program, or SNAP, as food stamps are formally known. All changes would end in 2030. No work requirements for Medicaid.
- **Recovers unspent Covid-19 relief funds:** Rescinds approximately \$30B in unspent funds from the Covid-19 relief packages but state and local government funds not included.
- **Cuts Internal Revenue Service funding:** Cancels the FY23 staffing funding for new IRS agents.
- **Restarts student loan repayments:** Requires borrowers to pay back their student loans starting at the end of August.
- **Appropriations incentives:** Requires all the appropriations bills be passed by year’s end and, if not, a 1% spending cut would be enforced evenly to defense and nondefense programs.
- **Environmental permitting:** Limits Federal environmental reviews to one or two years.
- **Reduces the deficit:** By \$1.5T over a decade, according to the Congressional Budget Office.

Non-defense Spending Caps

The agreement does NOT specify or include specific program cuts. What it includes is an overall total cap on spending (for FY24, \$703.7B), leaving it to the appropriations process to decide how to “live” within the cap. Therefore, the agreement does not necessarily mean that each nondefense program will be cut by 1%. Some could be cut more; some not at all. Some could even get an increase as long as funding for other programs is offset. Of concern to the Coalition is what impact the nondefense spending caps will have on FY24 funding for the SRF’s.

Clean Water and Safe Drinking Water SRF’s: FY24 Versus FY22 Funding

For informational purposes, the following compares FY22 versus FY24 funding for the SRF's.

For FY24, the general fund appropriation for the CWSRF base allotment (does not include takedowns like emerging containments) is expected to be \$1.639B plus another \$2.628B from the Bipartisan Infrastructure Law (BIF) for a total of \$4.267B. However, two factors could alter these – earmarks as a takedown as was done in FY22 (\$443M) and FY23 (\$863M), and/or an agreement to cap FY24 levels at FY22 amounts, as the House Republicans have proposed.

The same for the SDWRF. For FY 24, the general fund appropriation for the SDWSRF base allotment (does not include takedowns for emerging components, lead line replacement, etc.) is expected to be \$1.126B plus another \$3B from the BIF for a total of \$4.126B, again subject to a possible earmark takedown and/or an agreement to cap FY24 levels at FY22 amounts, as the House Republicans have proposed.

For FY22, the CWSRF base allotment general fund appropriation after the earmark takedown was \$1.195B plus another \$1.902B from the BIF for a total of \$3.097B. So that's \$3.097B in FY22 versus potentially \$4.267B in FY24.

For FY22, the SDWSRF base allotment general fund appropriation after the earmark takedown was \$728.3M plus another \$1.902B from the BIF for a total of \$2.630.3B. So that's \$2.630B in FY22 versus potentially \$4.126B in FY24.

FY24 Appropriations Bills

No markups yet in either House. Bills on hold pending resolution of debt limit extension issue. A Continuing Resolution is becoming more and more likely. Uncertainty, per the above, as to how funding for the SRF's fares given the FY24 cap.

Earmarks

The Coalition continues to express concern about the FY23 appropriations process regarding final funding of the CWSRF and related earmarks. Going into final deliberations of the House and Senate Interior Appropriations Bills, funding for the CWSRF was basically about the same in both bills - @\$1.6B. Then came the decision to reduce spending overall. Instead of reducing earmark spending – owing to Member pressure – programs were cut including the CWSRF base allotment which was reduced to \$775.8M to accommodate related earmarks. The Coalition stated that continuance of that approach for FY24 and beyond is a real problem and counter to the goal of the Bipartisan Infrastructure Law which was to increase CWSRF spending over and above increases in the traditional appropriations process and not in lieu of reductions by that process. Regarding earmarks in general, this year both House Republicans and Democrats are heavy participants in the earmark process – House members requested about 5,000 earmarks, a nearly 7% increase over last year, for a total of \$19.4B. Also, 70% of House Republicans are participating in the earmark process this year compared to 50 percent two years ago. Senate earmark numbers are still being tabulated, but there is heavy participation from both sides.

President's FY24 Budget

For the CWSRF, \$1.638B and for the Safe Drinking Water SRF, \$1.2B. The President's Budget rejects earmarks as a takedown from the basic SRF funding. For Title XVI, \$4M, the same as the FY23 Biden Budget but increased by the appropriators to \$60M, of which \$20M was for WIIN grants.

Issues/Bills of Interest

Alternative Water Source Program Funding - regarding the AWSP, it was authorized in the Bipartisan Infrastructure Law but was not funded. Again, all were in support of funding for the Program, which includes the language the Coalition requested that makes USBR recycled water projects that have not received construction funds eligible to apply for AWSP grants.

Mega Recycled Water Project Funding – continue to look for opportunities to increase funding for mega recycled water projects over and above the \$450M provided in the Bipartisan Infrastructure Law.

STREAM Act – 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.

Napolitano WIIN Grant Reform Bill - waiting on her office and the Natural Resources Committee Democrats for next steps. Her staffer said that the major features of the bill - increased funding, federal share increase, and repeal of prior approval appropriations requirement - were all included in the Bipartisan Infrastructure Law, and that now they are focusing on smaller items, if any, that were not included. This is an issue that the Coalition needs to research further because the Coalition’s view is that the Napolitano bill, which authorizes the WIIN grant program, is different than the Bipartisan Infrastructure Law which appropriated WIIN grant funding, and thus, is still needed to support funding beyond the life of the Bipartisan Infrastructure Law, to codify the Federal share increase which was done this year by the USBR administratively and not by law and thus, could be undone as well, etc. Also, if the Napolitano bill of last Congress is not needed because it was overtaken by the Bipartisan Infrastructure Law, then why is Feinstein pursuing the STREAM Act which addresses the same issues as the Napolitano bill bill?

If there is an effort to pursue non-controversial infrastructure items, advocate for programs of interest such as those included in the House-passed “Build Back Better” bill:

- \$30B for Safe Drinking Water SRF lead service line replacement projects;
- \$100M for state public water systems;
- \$700M to reduce lead in school drinking water;
- \$100M for large scale water recycling projects;
- \$1.15B for emergency drought relief;
- \$125M for Alternative Water Source Program grants;
- \$2B for sewer overflow and storm water reuse grants;
- \$4B for reduction of carbon in the surface transportation sector;
- \$4B for affordable and safe transportation access; and,
- \$6B for local surface transportation projects.

No funding for the Clean Water SRF is included in the House BBB. It does include new taxes.

Bill Tracking

Many bills are introduced. Most of them for political reasons. Most do not advance beyond introduction – committee hearing, markup, Floor action. Accordingly, we will only note bills of interest that are advancing through the legislative process and/or come to our attention.