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FROM: MIKE McINTYRE
SUBJECT: JUNE REPORT AND LEGISLATIVE UPDATE
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This report and legislative update provides information on the following topics:

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 - Senate Environment and Public Works Committee Advances WRDA 2024
 - EPA to Propose Rule That Could Lead to Consolidation of Water Sector
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Washington News

House Set for Votes on FY 2025 Spending Bills

House Republicans, who hold the majority in the House, are reviving their appropriations strategy from last year for FY 2025, focusing on cutting non-defense funding, particularly energy, climate, and environmental programs. House Appropriations Chair Tom Cole (R-OK) has outlined a plan for aggressive and rapid drafting of FY 2025 spending bills, adhering to strict spending caps from the previous year's debt ceiling agreement but rejecting previous so-called "side deals". This involves a 6 percent reduction in non-defense funding to comply with the Fiscal Responsibility Act, while defense spending will increase by 1 percent.

These proposed cuts, coupled with conservative policy riders, may threaten various federal energy and environment accounts, challenging the Biden Administration's climate agenda. Democrats, including House Appropriations Committee Ranking Member Rosa DeLauro (D-CT), criticized the plan, calling for parity in defense and non-defense spending increases. Senate Appropriations Chair Patty Murray (D-WA) has also called for balanced increases in FY 2025 but did not announce any Senate top-line numbers.

Chairman Cole stated that the FY 2025 appropriations spending levels will follow the *Fiscal Responsibility Act*, with any leadership negotiations being separate. The House's funding levels remain fluid, pending fiscal analyses from the Congressional Budget Office (CBO). Some initial allocations for FY 2025 include

\$36.94 billion for Interior-Environment (a \$4.26 billion cut from 2024) and \$59.19 billion (\$25 billion non-defense) for Energy and Water, with slight decreases in non-defense spending levels.

House Appropriators began marking up FY 2025 spending bills on June 3, 2024, with the Military Construction-Veterans Affairs (MilCon-VA) bill moving first. On June 5, the full House of Representatives passed the MilCon-VA bill by a vote of 209 to 197. Between June 3 and June 5, House Appropriations Committee Subcommittees have approved five more bills, including Defense, Financial Services, Homeland Security, Legislative Branch, and State-Foreign Operations.

House Appropriators are aiming to pass all 12 of the annual spending bills before the August recess.

Some lawmakers are also pushing for additional disaster funding, potentially as part of a supplemental package, to address federal disaster accounts and recovery efforts from recent natural disasters.

The Senate will likely propose a higher number, leading to potential funding battles later this year.

Congress also continues to hold hearings to scrutinize agency budgets and policies, with upcoming sessions involving the Deputy Energy Secretary and NOAA Administrator. The Senate also began discussing the Federal Highway Administration's role in climate action and infrastructure law implementation.

Senate Environment and Public Works Committee Advances WRDA 2024

The Senate Environment and Public Works (EPW) Committee approved their [version](#) of the *Water Resources Development Act of 2024* (WRDA 2024) by a 19-0 vote. This biennial legislation authorizes flood control, navigation, and ecosystem restoration projects for the U.S. Army Corps of Engineers, impacting all 50 states and U.S. territories with 81 feasibility studies and eight new or modified construction projects.

According to the [bill summary](#) and [section-by-section summary](#) released by the Committee, the bill (among other things):

- Directs the Corps to develop and execute a plan to fully implement past WRDAs, including the creation of a WRDA implementation team to coordinate and share information across Corps' districts, divisions, and headquarter;
- Expedites completion of guidance and reports required in past WRDAs;
- Modernizes the Corps' existing "ability to pay" authorities to help certain communities and clarifying the Corps' "federal interest determinations" authority to advance feasibility studies;
- Directs the Corps to educate non-federal interests about operations, maintenance, repair, replacement, and rehabilitation (OMRR&R) responsibilities;
- Ensures timely updates to the Corps' online "permit finder" that provides the status of certain permits for projects;
- Requires reports on invasive species, levee safety guidelines, public-private partnerships, tribal land valuation and more;

- Increases the maximum amount of funds the Corps may contribute under the existing continuing authorities programs;
- Increases the federal cost-share for inland waterway projects to 75 percent;
- Directs the Government Accountability Office to carry out studies to evaluate the Corps' activities, practices and programs, including the Corps' project partnership agreements and cost estimates for projects;
- Requires the Corps to complete a report on emergency response expenditures from the Flood Control and Coastal Emergencies Account and from prior post-disaster supplemental appropriations laws;
- Modifies certain coastal storm risk management and hurricane and storm risk reduction projects in Delaware and designates those projects as the Delaware Coastal System Program; and
- Amends section 1043(b) of WRRDA 2014, to increase the number of projects that can utilize this pilot program and extends the authorization of appropriations until 2029.

The House Transportation and Infrastructure Committee plans to markup their version of WRDA 2024 this month.

EPA to Propose Rule That Could Lead to Consolidation of Water Sector

The Environmental Protection Agency (EPA) is set to propose a rule requiring states to evaluate water systems that consistently violate drinking water standards or face significant financial issues. The rule will aim to improve water service by possibly consolidating multiple water providers or transferring failing systems to new owners under EPA oversight. While consolidation can help distribute costs and meet new regulations on lead and "forever chemicals," it can also raise concerns about affordability, equity, and local control.

States will need to consider alternatives to restructuring these entities and engage with their communities through public meetings. Many states already have programs in place to incentivize consolidation, according to a [2022 report](#) from the Association of State Drinking Water Administrators. The proposed rule will seek to address underfunding and compliance issues, particularly in small water systems, while ensuring equitable access to safe drinking water.

House GOP Ag Committee Members Release Draft Farm Bill Amid Partisan Divide

The GOP-led House Agriculture Committee has released the draft text for a \$1.5 trillion Farm Bill, marking a significant step towards shaping the next five years of U.S. agriculture and food policy. The 677-page document covers various programs, including nutrition assistance and conservation efforts.

House Agriculture Committee Chairman GT Thompson (R-PA) emphasized the importance of this draft Farm Bill in the legislative process, as Congress only has until September 30 to reach a compromise, following a one-year extension of the 2018 farm bill. Despite the typically bipartisan nature of farm bills, current negotiations face challenges due to a packed legislative schedule and rising partisanship ahead of the November elections.

Key contentious issues include:

- **Nutrition Benefits:** The GOP proposes making the Supplemental Nutrition Assistance Program (SNAP) cost-neutral, which Democrats argue could effectively cut \$30 billion in benefits over a decade. The bill also limits updates to the Thrifty Food Plan based on the cost of living.
- **Climate Mandates:** Republicans aim to rescind conservation funding from the Inflation Reduction Act (IRA) and redirect it to locally-led conservation efforts. Democrats want to maintain climate-focused restrictions.
- **Commodity Credit Program:** The House bill limits discretionary spending by the Commodity Credit Corporation (CCC) to operations authorized by Congress, reallocating savings to commodity and crop insurance programs. Senate Democrats are proposing a 15-day notice for CCC spending and extending its authority to support conservation programs.

The Senate's farm bill framework, which is still being finalized, will require bipartisan support to move in the Senate and ensure the bill's passage before the deadline this fall.

EPA Reports Huge Increase in Projected Wastewater, Stormwater Funding Needs

The U.S. Environmental Protection Agency (EPA) has reported to Congress that water infrastructure investment needs have significantly increased, with a total of \$630 billion required between 2022 and 2041, a 73 percent increase since the last survey in 2012. EPA says that the increase is driven by aging systems and climate change challenges. The Clean Watersheds Needs Survey helps identify funding gaps and necessary steps to meet *Clean Water Act* goals.

Key points from the report include:

- **Increased Costs:** The survey added new categories and utilized an online portal for better data collection, contributing to the higher cost estimate.
- **Sector Needs:** 55 percent of the total need is for wastewater infrastructure, with significant increases since 2012 in stormwater management (385 percent) and advanced wastewater treatment (36 percent), while combined sewer overflow correction needs decreased by 39 percent due to significant ongoing investments.
- **State Variations:** Investment needs vary widely, with New York and California each exceeding \$50 billion, and significant per capita needs in states like Louisiana and Virginia.
- **Challenges:** Data collection difficulties and a focus on near-term projects suggest the reported needs might underestimate the true national requirement.

The report emphasizes the necessity for sustained investment and participation in future surveys to ensure comprehensive water infrastructure improvements, especially in underserved communities, ahead of the upcoming congressional debate on reauthorizing the Clean Water State Revolving Fund program.

Advocacy Update

Work is well underway on Fiscal Year 2025 appropriations bills on Capitol Hill. Members of both the House and Senate have closed their solicitation period during which they were accepting requests for programmatic appropriations and Congressionally Directed Spending/Community Project Funding – known colloquially as “earmarks.” The House and Senate Appropriations Committees are now considering the earmark requests made by Members of Congress and developing line-item budgets for the federal government for FY 2025.

Over the coming weeks and months, the Committees will work to finalize the annual appropriations bills. If the appropriations bills are not approved by the end of the fiscal year (September 30, 2024), Congress must pass “stop-gap” extensions of the FY 2024 budget until Appropriators finalize the FY 2025 budget.

At this time, we do not expect Congress to pass FY 2025 appropriations bills until the end of the year, in advance of seating a new Congress. Should the Congress turn over without these critical pieces of legislation signed into law, they will need to start the entire legislative process over again. Moreover, Members who expended significant political capital on advocating for their earmark requests may lose re-election or resign from Congress, making their efforts fruitless. This is a strong motivator for Members to seek passage of appropriations bills before the end of the year.

USACE Fiscal Year 2024 Workplan

As a reminder, the Army Corps recently published its FY 2024 Work Plan, totaling over \$8.6 billion in Civil Works projects across the country. Highlights for the Commission include:

- \$535,000 for performance of dredging and related activities in the New Topsail Inlet and Connecting Channels;
- \$565,000 for commonly performed operations and maintenance and specific work activities, including dredging, for the New River Inlet; and
- \$6,373,000 to maintain the Atlantic Intracoastal Waterway in North Carolina.

North Topsail Beach CBRA Mapping Issue

[H.R. 2437](#), Congressman Murphy’s bill to revise Coastal Barrier Resources System (CBRS) maps and consequently mitigate challenges arising from these improperly mapped CBRS units, particularly unit L06, remains before the House for consideration. The bill also awaits a Cost Estimate – known as a “score” – from the Congressional Budget Office, an assessment of the likely budgetary impacts of the legislation. We anticipate the bill will not score, as it is unlikely to meet the requisite thresholds for CBO to make a determination of any given legislation having a significant budgetary impact. Receiving a CBO score is a necessary procedural step prior to the bill’s consideration on the House floor. Further, receiving a negligible score will help assuage potential political concerns over impacts to the federal deficit, as well as help the bill clear other procedural hurdles.

We are hopeful that CBO will issue its score soon, as the bill was successfully voted out of the House Natural Resources Committee in November. It generally takes CBO several months to develop and publish

a score. Once CBO issues its score, H.R. 2437 will be primed for consideration and passage by the House. We are hopeful that the legislation will receive favorable consideration by the whole House, as it did in the Natural Resources Committee.

After passage by the House, the legislation must still be passed by the Senate, and signed into law by the President in order to become law. We are optimistic that this can happen before the end of the year.

Sand Borrowing

H.R. 524, Congressman Rouzer’s bill to allow certain federally authorized USACE beach nourishment projects to borrow sand from within the CBRS for use outside the CBRS, remains before the Senate for consideration after passing the House on April 11, 2024. The bill’s consideration under a procedure known as “suspension of the rules,” and passage via voice vote are very strong indicators that the bill will be passed into law before the end of the year. Only bills widely considered non-controversial are considered under suspension of the rules, and passage via voice vote indicates unanimous or near-unanimous support by the whole House.

In contrast to H.R. 2437, H.R. 524 received a CBO score relatively soon after the bill passed out of Committee in November 2023. As we expect for both pieces of legislation, the score for H.R. 524 determined that there would be no significant impact to the federal budget. We remain optimistic that H.R. 524 will receive favorable consideration in the Senate and will be signed into law before a new Congress is seated in 2025.

FEMA Issues

We are finalizing a draft Letter of Inquiry for Representative Murphy’s consideration regarding the outdated data and methods employed by FEMA to evaluate post-storm beach nourishment projects, specifically concerning Depth of Closure calculations. We have coordinated with Chris Gibson, the coastal engineer, on the details included in the letter. We anticipate finalizing and sending the letter in the coming week.

Surf City General Reevaluation Report (GRR)

As discussed in our prior report, the Corps has clarified that it does not require further Congressional authorization to make progress on the Surf City GRR, though it expects to need reauthorization in the 2026 version of the Water Resources Development Act (WRDA) for renourishment funds after the initial construction phase. This reauthorization – or at least modification of the current authorization – is likely necessary due to the change in scope of the GRR after North Topsail’s withdrawal.

We continue to be available to TISPC and the Town on this matter.