

FLOOD & STORMWATER MANAGEMENT UPDATE



Special Edition: FY 2018 Federal Budget Battle Begins

On March 16, the Administration released its first proposed budget outline, which at this point covers only discretionary spending for the fiscal year that begins on October 1, 2017. Lawmakers now have a good idea of President Trump's priorities for federal spending. In a move that was not unexpected, the biggest hit in federal spending would occur at the U.S. Environmental Protection Agency. The reduction proposed for EPA is larger than expected by many, however, with the agency slated for a 31% reduction or a total of \$5.7 billion in funding for FY 2018 under the Trump Administration's budget proposal. This total is \$2.6 billion less than the annualized Continuing Resolution (CR) level.

Under the budget plan for EPA, a total of \$2.3 billion would be authorized for the Clean Water and Safe Drinking Water Revolving Funds, which would provide an increase of \$4 million over the annualized CR level. The Water Infrastructure Finance and Innovation Act (WIFIA) program, authorized under the Water Resources and Reform Development Act of 2014, would receive \$20 million—the same amount received in the current CR.

Slated for major reductions in the agency's budget (reductions noted are in comparison to the 2017 annualized CR) are EPA's enforcement and compliance budget (reduced by \$129 million), research and development (reduced by \$233 million), categorical grants (reduced by \$482 million) and eliminated would be the Great Lakes Restoration Initiative, the Chesapeake Bay and other regional programs for a total reduction in this area of \$427 million. The budget indicates that it would eliminate more than 50 additional EPA programs, saving an additional \$347 million from the annualized CR level.

It is important to note that this is the beginning of the funding process for the upcoming fiscal year and that Congress has the final word when it comes to appropriating federal funds. Federal lawmakers this year will need to act both on this proposal as well as providing funding for the current fiscal year. Under the current CR, funding for FY 2017 expires on April 28 without congressional action.

As promised, the Administration's budget is what is referred to as a "skinny budget" and as a result it shows only top line spending for each of the federal agencies. While the Department of Defense would see a major spending increase of \$54 billion under the Administration's proposal, a good number of smaller independent agencies (19) including the Appalachian Regional Commission, the Delta Regional Authority, the National Endowment for the Arts, the National Endowment for the Humanities would be eliminated. According to the Administration, the core of this budget "is the rebuilding of our Nation's military without adding to the federal deficit" and this is achieved by offsetting this increase with targeted reductions elsewhere and as a result the budget calls for \$54 billion in reductions to non-Defense spending.

In President Trump's message that accompanied the FY 2018 budget release, he noted that "A budget that puts America first must make the safety of our people its number one priority—because without safety, there can be no prosperity. That is why I have instructed my Budget Director, Mick Mulvaney, to craft a budget that emphasizes national security and public safety."

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FY 2018 Budget Cont.

U.S. Army Corps of Engineers Slated for 16.3% Reduction

Although the FY 2018 budget document calls out the President's infrastructure initiative as one of his top priorities to modernize the outdated infrastructure that the American public depends upon, the March 16 budget blueprint calls for a billion dollar reduction in the U.S. Army Corps of Engineers (USACE) spending levels (taking USACE from its \$6 billion CR level to \$5 billion in FY 2018). The proposed cut would amount to a reduction of 16.3 percent in Corps spending.

Department of Homeland Security Would See Increase While Key FEMA Programs Would Face Major Changes

According to the Budget Plan, the President's Budget calls for \$44.1 billion in net discretionary budget authority, or a \$2.8 billion (or 6.8% increase) from the 2017 annualized Continuing Resolution level for DHS. Within the budget, a total of \$4.5 billion would be allocated in additional funding for programs to strengthen the security of the Nation's borders and enhance the integrity of the immigration system.

Although this early budget plan doesn't include a lot of detail, it does spell out some big proposed changes to FEMA programs of interest to NAFSMA members. For the National Flood Insurance Program (NFIP), the budget proposes restructuring the user fees for the NFIP "to ensure that the cost of Government services is not subsidized by taxpayers who do not directly benefit from those programs." The Transportation Security Administration (TSA) user fees have also been identified for restructure.

In addition, the budget proposes eliminating FEMA's mapping programs and instead exploring other more effective and fair means of funding flood mapping efforts. Also on the Administration's chopping block is State and local grant funding "that are either unauthorized by the Congress such as the Pre-Disaster Mitigation

Grant Program, or that must provide more measurable results and ensure that the Federal Government is not supplanting other stakeholders' responsibilities, such as the Homeland Security Grant Program." As a result of this approach, a 25% non-Federal match would be required under the budget for preparedness grant awards.

Department of Agriculture's Rural Water and Wastewater Programs Axed

Noting that rural communities can be served by private sector financing or other Federal investments in rural water infrastructure such as EPA's State Revolving Funds, the budget proposal would eliminate the Agriculture Department's Water and Wastewater Loan and Grant programs. The identified savings would be \$498 million from the annual CR level.

NAFSMA will continue to keep the membership posted on budget and appropriations actions as they make their way through Congress and as we see more details on the Administration's FY 2018 budget proposal.

To access the FY 2018 Budget plan go to https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/2018_blueprint.pdf



Online Registration Is Now Available

Go to www.nafsma.org and click on **Flood and Stormwater Management 2017** at top of the home page

NAFSMA members and colleagues are urged to make plans to attend this year's annual conference, which will be held at the Belmond Charleston Place, located just at the end of the Market in beautiful downtown Charleston, SC. The links to register and make your hotel reservations are posted on the NAFSMA website.

Don't miss this exciting opportunity to learn and discuss current flood, floodplain and stormwater management issues with your colleagues from throughout the country. The meeting's general sessions will begin the morning of Tuesday, June 27 and formal sessions will close at noon on Thursday, June 29, with tours of local flood protection, stormwater management and coastal protection set for Thursday afternoon to conclude by 4 p.m. on June 29th.