



To: RCRC Board of Directors
From: Paul A. Smith, Vice President Governmental Affairs
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Date: January 8, 2019
Re: Federal Issues Update

Summary

This memo provides an update on a number of issues being addressed at the federal level and signals a variety of issues likely to be addressed in our nation's capital.

Background

In July, 2017 RCRC enlisted the services of American Continental Group (ACG) to represent California's rural counties in Washington D.C. Over the last eighteen months the ACG team has worked with RCRC's governmental affairs staff to define strategic goals, engage policymakers, and deliver results for rural California.

- In that time, over 75 meetings were held in Washington, D.C. with policymakers on Capitol Hill and the Administration. Over the past eighteen months RCRC has met with key congressional committees with jurisdiction over rural California's issues including: House Transportation & Infrastructure, House Agriculture, House Natural Resources, House Appropriations, Senate Agriculture, Senate Environment & Public Works, Senate Appropriations.
- RCRC has also held meetings with high-ranking officials in the Trump Administration with direct oversight on important rural policy issues including broadband, infrastructure, and forestry. RCRC has held high-level meetings with the following agencies: The Office of Rural Development at the U.S. Department of Agriculture, the U.S. Forest Service (USFS), the Federal Communications Commission, the Bureau of Land Management, the U.S. Fish & Wildlife Service, and the National Telecommunications and Information Administration.

ACG employs a bipartisan advocacy strategy to ensure rural California's message is heard no matter which party sits in power.

Congress will be divided under the 116th Congress; however, RCRC is well-positioned at both ends of Pennsylvania Avenue. Democrats and Republicans will search for

opportunities for compromises that overcome the partisan divisions. Bipartisan compromise is possible on infrastructure, rural broadband, and rural development. RCRC has positioned itself at the center of these discussions for 2019 as it has built-off its legislative victories in 2018.

2018 Farm Bill

President Trump approved the 2018 Farm Bill on December 20. The final legislation is a bipartisan compromise culminating from year-long negotiations. House Agriculture Committee Chairman Collin Peterson (D-Minnesota) said the bill mostly maintains the status quo from the previous Farm Bill without major overhauls to any programs. Republicans drew national headlines in April when then-House Agriculture Committee Chairman Mike Conaway (R-Texas) introduced the House version of the 2018 Farm Bill with sweeping reforms to the federal food stamps program known as the Supplemental Nutrition Assistance Program (SNAP). Chairman Conaway's proposal would have likely resulted in eliminating eligibility for millions of Americans for SNAP and was a non-starter among House Democrats, Senate Democrats and a significant number of Senate Republicans.

Negotiations stalled for months over the controversial SNAP language and several other conservative-backed proposals that were unpopular among Democrats. The Republican version of the forestry title would have promoted forest management and other activities that could have improved forest health. Key House Republicans championed categorical exclusions that would have saved the USFS time and resources from onerous environmental regulations. The language was deeply unpopular among Democrats and environmental groups who oppose many of these active forest management efforts. Chairman Conaway agreed to remove Republicans' forestry language and further work requirements associated with SNAP from the final bill to attract more support from Democrats in both the House and the Senate.

Although the 2018 Farm Bill does not include sweeping changes for rural America, the Farm Bill remains a critical source of support for rural economies.

Forestry and Wildfire Funding

In March 2018, Congress attached a wildfire funding fix to an omnibus spending bill. The fix will take full effect in Fiscal Year 2020 and will create a disaster fund for firefighting activities at the USFS and the Department of the Interior (DOI). The disaster fund provides the USFS and the DOI with a dedicated account to combat wildfires without borrowing from other internal agency accounts. The fix included in the omnibus will fund the new wildfire account from Fiscal 2020 through 2027. The initial funding level is set for \$2.25 billion and will grow annually to \$2.95 billion by 2027.

A dedicated account for wildfire activities will free up an estimated \$1.3 billion annually of the USFS budget that was diverted from other accounts to combat wildfire. USFS is expected to direct these newly available funds towards management activities that increase forest health and resiliency. Renewed investment in federal forests will likely

reduce the threat of severe wildfires while generating new jobs, improving the infrastructure in forested communities, and promote economic activity for rural counties.

The wildfire funding fix included categorical exclusions to environmental review laws that impede active forest management. The language authorizes the USFS to waive environmental reviews typically required under the National Environmental Protection Act and the Endangered Species Act. Eligible projects that improve forest health could receive categorical exclusions for up to 3,000 acres.

Rural Infrastructure

Last February, both the Trump Administration and Congressional Democrats introduced infrastructure plans that can be expected to see action in the 116th Congress. The White House's *Legislative Outline for Rebuilding Infrastructure in America* proposes investing \$200 billion in federal funding to incentivize \$1.3 trillion in investments from state and local governments and private industry for new infrastructure and public works projects. Of the \$200 billion federal dollars to be invested, \$50 billion is slated to be allocated for the Rural Infrastructure Program. Democrat's *A Better Deal to Rebuild America* proposes a \$1 trillion federal investment to rebuild crumbling infrastructure while maintaining labor standards and environmental protections. In addition, in the last Congress, current House Transportation & Infrastructure Committee Chairman Peter DeFazio (D-Oregon) introduced his *A Penny for Progress Act* that would make a \$500 billion transportation infrastructure investment financed by new 30-year Treasury bonds repaid by increased federal motor fuel taxes.

President Trump promised sweeping infrastructure improvements during the 2016 campaign, but has struggled to make substantive headway with a Republican-controlled Congress reluctant to commit to infrastructure spending without a plan to pay for it. Speaker of the House Nancy Pelosi has said that an infrastructure package will be a top priority for the incoming Democratic House majority.

Water

This past October, President Trump signed the *America's Water Infrastructure Act* (the Act) into law. The Act provides upwards of \$6 billion for water infrastructure development, including expanding water storage capabilities, upgrading drinking, irrigation, and wastewater systems, reauthorizing existing successful programs, and de-authorizing outdated, inactive, or failed past projects. The Act also includes a number of California-specific directives, including construction authorization of the Lower San Joaquin River project, doubled federal funding of the Harbor South Bay water recycling project, and expedited studies on flood risk management, water conservation, and ecosystem restoration at the Lower San Joaquin River, Coyote Valley Dam, Lower Cache Creek, South San Francisco, Tijuana River, Westminster-East Garden Grove, and San Luis Rey River.

Former Representative Jeff Denham (R-Stanislaus), and Representative Doug LaMalfa (R-Butte), who had a hand in writing the legislation, expressed support for the Act after

its passage as much-needed progress for Californians. They praised the prioritization of community-level projects and the removal of burdensome regulations and restrictions that will allow local efforts to move forward faster and more efficiently.

Rural Broadband

Senate Commerce, Science, and Transportation Committee: Senator Roger Wicker (R-Mississippi), is likely to chair the Senate Commerce Committee, and he is expected to make rural broadband a priority for the 116th Congress. It is reported that before the end of the 115th Congress, Senator Wicker attempted to attach a broadband amendment to the end-of-the-year funding bill to force the Federal Communications Commission (FCC) to revisit its data collection methods for the U.S. broadband map. Most Senate appropriators were not ready to endorse the amendment, but are open to discussions with Senator Wicker about rural broadband concerns. Senator Jerry Moran (R-Kansas) is particularly adamant that the government cannot just rely on carrier data to create the U.S. broadband map.

Several senators on the Commerce Committee including Senator Wicker and Senator Moran, Senator John Tester (D-Montana) and Senator Maggie Hassan (D-New Hampshire) have criticized the FCC's Form 477 broadband mapping data that determines eligibility for Mobility Fund II as being inaccurate and incomplete in many rural areas across the United States. Senators Wicker, Hassan, and Moran also introduced a bill called the Mobile Accuracy and Precision (MAP) Broadband Act to ensure the FCC takes a second look at the broadband mapping process.

National Telecommunications Information Administration's (NTIA) Broadband USA: Assistant Secretary for Communications and Information at the Department of Commerce David Redl said NTIA has been charged by Congress to improve the National Broadband Map. He noted that the FCC form 477 data is not enough and that Congress has allocated money in the federal budget to make sure that the United States has an accurate broadband map. It is important that the U.S. make broadband investments to ensure that the entire country has broadband accessibility.

United States Department of Agriculture (USDA) Rural Broadband Plan: On July 27, 2018, the USDA invited the public to comment on its e-Connectivity Pilot Program. Overall, the comments reflected a concern for the proposed standards being focused on speed not bandwidth and the speed not being fast enough to make a difference in the modern economy. Furthermore, the Secretary of Agriculture Sonny Perdue stated that USDA's Rural Utilities Service still needs to determine how internet providers will get funding for the program. The Senate also allocated an additional \$425 million in their 2019 Agriculture, Rural Development, Food and Drug Administration, and Other Related Agencies to its appropriations bill to assist with rural broadband deployment. However, director of Office of Management and Budget (OMB) Mick Mulvaney, called into question the need for more money for the Rural Broadband Pilot Program due to the USDA not using all of the funds from 2018.

Payment In Lieu of Taxes (PILT)

Congress is yet to pass an Interior-Environment appropriations bill for Fiscal 2019 and funding for PILT is in limbo. The federal government entered a partial shutdown on December 22 that included the Department of Interior and U.S. Forest Service. As of this writing there is no end in sight of the shutdown fight between President Trump and House Democrats over funding for a wall along the U.S. southern border. PILT payments to counties will be paused until the effected agencies are re-opened.

Secure Rural Schools Program

In November 2018, U.S. Senators Mike Crapo (R-Idaho) and Ron Wyden (R-Oregon) introduced S. 3645 to extend the Federal Secure Rural Schools (SRS) program for FY 2019. Additionally, on November 28th the pair wrote a bipartisan letter to leadership with the support of twenty three Senate colleagues to renew SRS funding for an additional year because of its critical impact for the nation's forested counties.

On December 13, Senator Wyden introduced a separate proposal to fix SRS funding. The Forest Management for Rural Stability Act, S. 3753, which would establish a new endowment to permanently fund the SRS program. Wyden was unable to secure floor time for his proposal in 2018 but he is expected to reintroduce S. 3753 in the 116th Congress in early 2019.

Similar to PILT, funding for SRS will be suspended until Congress and the White House reach an agreement to reopen the federal government.

Fiscal Year 2019 Budget

On September 30, 2018, President Trump signed into law a "mini-omnibus" of three Fiscal Year (FY) 2019 appropriations bills, including Energy and Water. The final legislation appropriated \$7 billion for civil works activities of the U.S. Army Corps of Engineers, which is well above the \$4.8 billion requested by the President.

However, Congress has not finalized several other FY 2019 appropriations bills that impact RCRC's federal legislative priorities, including: Agriculture, Rural Development, Food and Drug Administration, and Related Agencies (funds the U.S. Forest Service); and Interior, Environment and Related Agencies (funds the Bureau of Land Management). House Democrats bundled these bills, along with the Financial Services and Transportation-HUD bills, together in another mini-omnibus but the legislation's outlook in the Senate and the White House are unclear.

In the meantime, funding for approximately a quarter of the federal government has expired and the government is partially shut-down as a result. The hold-up is that President Trump has vowed not to sign any more appropriations bills until Congress provides what he deems sufficient funds for a southern border wall, which would be included in the Homeland Security appropriations bill. So far, negotiations between Congress and President Trump have borne little fruit and there is no end in sight to the political standoff over border wall funding.

Another point of interest for RCRC is the potential inclusion of supplemental disaster funding to assist with recovery efforts for the California wildfires. Senator Patrick Leahy (D-Vermont) has insisted that he will advocate for Congress to appropriate between \$715 million and \$720 million in wildfire relief funding.

Staff Recommendation

Informational Only. RCRC staff will continue to pursue a robust federal affairs program to address our federal priorities. Furthermore, senior members of the RCRC Board of Directors will be traveling to Washington D.C. in late February to spend several days on Capitol Hill to advocate for these federal priorities.