



TO: Rebecca Long

FROM: Eric Sapirstein
Sarah Sapirstein

DATE: April 25, 2025

SUBJECT: Washington Update

Over the past month, Congress has been working on a budget plan, and both the House and Senate have approved it to move the process forward toward reconciliation. This now allows congressional committees to begin drafting their respective portions of the reconciliation package. On April 9, the Senate Committee on Environment and Public Works favorably reported the nomination of Jessica Kramer to be the next Assistant Administrator for the U.S. Environmental Protection Agency's (USEPA) Office of Water and Sean Donahue to be the agency's General Counsel to the Senate Floor. The committee approved Kramer's nomination on a vote of 15-4, with Senator Alex Padilla and Senator Adam Schiff voting in support of the nomination.

At the same time, the Administration kept reviewing major regulations from the final days of the Biden Administration. This included the White House sending a memo to federal agencies to find rules that might be illegal under recent Supreme Court decisions, and the Office of Management and Budget asking for public input to find more unnecessary regulations. Although there hasn't been any action yet on pending guidance about PFAS standards, the agency might revisit earlier guidance, rulemakings, and the science behind the standards once Kramer is confirmed as Assistant Administrator. However, this review could be limited by ongoing lawsuits challenging the 4-parts-per-trillion drinking water standard and the classification of PFAS as a hazardous substance under Superfund law, along with rules that prevent reversing regulations. One likely review could involve reconsidering the proposed PFAS-related aquatic human health criteria, which have been issued but not finalized.

The ongoing effort to shrink the federal bureaucracy through the Department of Government Efficiency (DOGE) has had mixed results. In recent weeks, layoffs of probationary workers and offers of early retirement raised concerns about how water projects in California might be affected. As a result, several dismissed employees were reinstated, and courts ordered the rehiring of some probationary workers. Despite this, the Administration is still pushing ahead with plans for major layoffs (RIFs), selling off real estate, and not renewing leases to reduce the government's footprint. Federal agency heads must submit workforce reduction and reorganization plans to the Office of Management and Budget (OMB) and the Office of Personnel Management (OPM) by April 14. If the plans are approved, all actions must be completed by September 30, 2025. In a related action, the President issued a directive to the Office of Management and Budget to implement Schedule F, a policy that would classify approximately 50,000 federal employees as "at will" employees that would facilitate such staff dismissals.

House and Senate Move Forward on a Budget Resolution

Before leaving for their April recess, the House and Senate approved a budget resolution that officially starts the process of drafting a reconciliation package. This resolution is a revised version, written by the Senate, to resolve major differences—worth billions of dollars—between earlier versions passed by each chamber, including disagreements over how policies were scored. The Senate updated its resolution to call for \$9 billion in spending cuts, aiming to give lawmakers maximum flexibility to work with the House on a final agreement.

House Republican leaders managed to overcome opposition within their ranks, even though some members were worried that the final deal would limit spending cuts and include a debt ceiling increase. Now that the budget resolution has passed, the real challenge begins—writing the reconciliation package. This starts with negotiating 'reconciliation instructions,' where the House and Senate must work out a \$500 billion gap between their proposals. Without an agreement, it will be very difficult to pass a reconciliation package that carries the president's economic agenda forward. As of now, Speaker of the House Mike Johnson (R-LA) is still working to reach a deal by Memorial Day.

Importance of Budget Resolution

Passing a budget resolution is critical because it allows Congress to move forward with the actual budget reconciliation process. Reconciliation enforces the tax and spending rules set in the resolution and will shape federal policies and budgets for the next ten years. The first five years of the plan are mandatory, while the second five years can be adjusted later, depending on the economy and which party controls Congress.

Both the resolution and reconciliation will affect funding for major domestic programs, including infrastructure support. For example, in the House, the Transportation and Infrastructure Committee, which oversees the Clean Water Act, is required to cut at least \$10 billion, while the Energy and Commerce Committee must cut \$850 billion. These cuts could significantly impact water infrastructure funding over the next decade.

A final agreement could also include new authorizations for water projects and require federal agencies or programs to reorganize—if those changes can show a direct impact on the federal budget.

Fiscal Year 2026 Appropriations Process Begins

Now that funding decisions for Fiscal Year 2025 have been signed into law (PL# 119-4, H.R. 1968), the House and Senate Appropriations Committees have started reviewing funding priorities for Fiscal Year 2026, which begins on October 1. The President's budget request is expected to be sent to Congress around May 3. Both the House and Senate hope to pass their annual spending bills by late summer, with the goal of finalizing everything before the new fiscal year starts on October 1.

Administration Advances Deregulatory Agenda

Continuing its efforts to reduce federal regulations, the White House released a new Presidential Memorandum titled Directing The Repeal of Unlawful Regulations. It orders leaders of executive departments and agencies to review and identify regulations that may be unlawful. The White House also published a fact sheet explaining the Memorandum. Agencies must base their reviews on U.S. Supreme Court decisions cited in the Memorandum — including two key cases for OC San: *Loper Bright Enterprises v. Raimondo* (2024) and *Sackett v. EPA* (2023). Departments and agencies have 60 days to find any unlawful regulations and create plans to repeal them. Then, within 30 days after that review period ends, they must submit summaries of their findings to the Office of Information and Regulatory Affairs (OIRA).

In addition to the Memorandum, the Office of Management and Budget (OMB) also released a separate Request for Information (RFI). While distinct from the Memorandum, the RFI has a similar goal: identifying unnecessary or unlawful regulations. Through the RFI, OMB is asking for public input on current federal regulations and will accept comments until May 12, 2025. The RFI seeks proposals to rescind or replace regulations that are unnecessary, unlawful, overly burdensome, outdated, or harmful to U.S. businesses — especially those inconsistent with the law, Constitution, or whose costs outweigh their benefits.

Importance of the White House's Memorandum and OMB RFI

The importance of the Memorandum and RFI stem from the broad review lens and criteria they give federal agencies to review regulations. For example, the memorandum's directive to rely upon *Loper Bright* means that regulatory agencies cannot broadly regulate activities that are not expressly allowed by statute. As a result, any rule will be subject to potential rollback if it is determined to violate *Loper Bright*.

Meanwhile, the focus on Sackett decision will provide an avenue to reverse rules considered to violate the Court's interpretation of which surface waters are subject to Clean Water Act regulation. While OMB's RFI does not identify legal criteria to review existing regulations, it provides a wider scope of review by allowing the public to suggest regulations to roll back and provides more general narrative of criteria that would disqualify an existing rule as necessary and, or lawful. As a result, both of these actions have the potential to restructure the federal regulatory landscape.

National Pollutant Discharge Elimination System (NPDES) Permitting Reforms Legislation Introduced

In a recent House Committee on Transportation & Infrastructure hearing, witnesses discussed the importance of speeding up project construction under the Clean Water Act, while reducing bureaucratic delays. Representative John Garamendi (D-CA) announced a bipartisan bill that would allow states to issue 10-year NPDES permits to clean water agencies. After the hearing, Representatives Ken Calvert (R-CA), Garamendi, and David Rouzer (R-NC) introduced H.R. 2093, which includes provisions from last year's House-passed *Confidence in Clean Water Permitting Act*. This bill would help wastewater, water recycling, and desalination projects.

The Senate Committee on Environment and Public Works also recently held a hearing on permitting issues, where all witnesses agreed that reforms are needed. Committee members, from both parties, pointed out that the current federal permitting process is too slow and costly, without benefiting the environment. As a result, committee staff are considering broad reforms to energy and environmental permitting in the coming months, including discussions about 10-year NPDES permit terms

Importance of Ten-Year Permits Legislation

The 119th Congress and the Administration have placed priority on permitting reforms. As a result, the environment to authorize ten-year NPDES permit terms has become more receptive than in past years. If reforms are passed, a bill would likely be signed into law. If enacted into law, water sector agencies would realize reduced administrative red tape associated with Clean Water Act to permit renewals and deliver efficiencies in complying with the Clean Water Act.

'Do Not Flush' Legislation Introduced and Advanced in the House

Last month, the WIPPES Act was reintroduced in both the House and Senate with bipartisan support. The bill, H.R. 2269 in the House and S. 1092 in the Senate, is based on legislation passed by the House last Congress. It mirrors California's 'Do Not Flush' law for non-flushable wipes, which was championed by CASA. This year, the WIPPES Act is sponsored by Representative Lisa McClain (R-MI), a member of Republican leadership, and Representative Kevin Mullin (D-CA), with Representative Jared Huffman (D-CA) as an original co-sponsor. In the Senate, Senators Jeff Merkley (D-OR) and Susan Collins (R-ME) sponsor the bill, with Senator Alex Padilla (D-CA) as an original co-sponsor.

The bill continues to have strong support from a coalition of stakeholders, including industry groups, clean water advocates, environmentalists, and civil engineers. Because it reflects the language of last Congress' House-passed bill, has ongoing support from stakeholders, and has a sponsor in Republican leadership, the House Committee on Energy and Commerce approved H.R. 2269 with a bipartisan voice vote earlier this month. Before the markup, CASA and the coalition submitted a letter of support for the bill. H.R. 2269 is now waiting to be scheduled for debate and a vote on the House Floor after Congress returns from its recess later this month.

Importance of WIPPEs Act

The WIPPEs Act aims to address the issue of non-flushable wet wipes that can damage water infrastructure and increase operational costs for wastewater utilities. The legislation would establish a federal standard requiring manufacturers to label such products with a 'Do Not Flush' warning, aligning with California's state law. This initiative has been a priority for OC San, which previously sent letters of support for the WIPPEs Act to the district's congressional delegation.