



SCWA Legislative & Regulatory Update

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Congressional Update: FISA Extension, FY 2027 Funding, and Legislative Activity

FISA Section 702 Extension Remains Unresolved

Efforts to extend the surveillance authorities contained in Section 702 of the Foreign Intelligence Surveillance Act (FISA) remain stalled as lawmakers continue to debate both procedural and personnel matters related to the measure.

Section 702 authorities expired earlier this year, and congressional leaders have been working to advance legislation that would renew the program. However, progress has been slowed by disagreements surrounding leadership of the Office of the Director of National Intelligence (DNI).

President Donald Trump nominated Jay Clayton to serve as Director of National Intelligence on a permanent basis, a move that was expected to facilitate bipartisan negotiations on a FISA extension. Senate leaders initially arranged for expedited consideration of Clayton's nomination with the expectation that his confirmation could help advance discussions on the surveillance legislation.

Complicating matters further is the Senate's longstanding "blue slip" practice, which allows senators to express approval or opposition to certain judicial and U.S. attorney nominees from their home states. While the practice is not a formal Senate rule, it has historically served as a tool for consultation between the executive branch and senators. Debate over the future of the blue slip tradition has resurfaced in recent years, with some lawmakers advocating reforms and others defending it as an important element of bipartisan cooperation.

Last week, the administration announced the cancellation of Clayton's Senate confirmation hearing, pending action on the nomination of Jamie McDonald to serve as U.S. Attorney for the Southern District of New York. The White House has not yet formally submitted McDonald's nomination, and questions remain regarding whether New York's senators would support the nomination through the blue slip process.

Subsequently, Senate Intelligence Committee leadership indicated that Clayton's hearing would still move forward, though uncertainty remains regarding the administration's plans. Congressional leaders now have a limited window to reach agreement on a FISA extension before lawmakers depart for a scheduled two-week recess.

Additional debate has emerged over whether other legislative priorities could be linked to a FISA extension package. However, no clear path forward has yet emerged, and negotiations remain ongoing.

FY 2027 Appropriations Process Faces Challenges

Congress also continues work on Fiscal Year 2027 appropriations legislation, though the process has encountered several delays.

Senate Appropriations Committee Chair Susan Collins (R-ME) is expected to attempt consideration of four appropriations bills this week after previously postponing committee markups amid disagreements over potential amendments. While negotiations continue, lawmakers from both parties remain divided on several funding and policy issues.

With the September funding deadline approaching, many observers continue to view a continuing resolution (CR) as a possible outcome. Such a measure would temporarily extend current government funding levels and allow Congress additional time to complete work on full-year appropriations legislation later this year or early next year.

House Returns with Busy Legislative Agenda

The House of Representatives returns to Washington this week with a schedule that includes several appropriations measures and policy bills.

Among the legislation expected to receive floor consideration are the Fiscal Year 2027 National Security-State and Energy-Water appropriations bills, along with a Department of Veterans Affairs reform measure. The House is also expected to consider legislation addressing merchant category codes used by payment processing companies and credit card networks.

In addition, lawmakers are scheduled to vote on a series of measures under suspension of the rules, a process that requires a two-thirds majority for passage and is often reserved for legislation with broad bipartisan support.

Several of these bills originated in the House Small Business Committee and focus on improving transparency, oversight, and operational efficiency within the Small Business Administration (SBA). Topics addressed include pandemic and disaster loan

programs, cybersecurity assistance for small businesses, artificial intelligence applications within the SBA, conflict-of-interest policies, antitrust complaint procedures, and participation in federal contracting assistance programs.

Other measures would formally authorize the SBA's Office of Native American Affairs and expand eligibility for SBA-backed financing to include cloud computing services and business software investments.

Additional legislation scheduled for consideration would allow mutual funds and exchange-traded funds to delay redemption requests when financial exploitation is suspected, and would increase the upfront share of certain federal disaster assistance payments available to farmers and timber producers.

Housing Legislation Nears Final Action

Congress may also take final action on the latest version of the 21st Century ROAD to Housing Act (H.R. 6644), a broad housing policy package that has attracted bipartisan support in both chambers.

The Senate is expected to vote on a revised version of the legislation this week. If approved, the House could quickly consider the updated measure, potentially under suspension of the rules, reflecting the broad support the proposal has received throughout the legislative process.

Senate Focuses on Nominations

In addition to legislative business, the Senate's agenda this week includes consideration of several executive branch nominations.

Confirmation votes on administration nominees are expected throughout the week as Senate leadership works through a growing backlog of appointments. At the same time, negotiations will continue on unresolved issues, including the future of Section 702 surveillance authorities and broader government funding discussions.

With lawmakers scheduled to begin a two-week recess at the end of the week, congressional leaders face mounting pressure to advance key legislative priorities before departing Washington.



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