

Amendment 3368 - To clarify cost-sharing requirements for certain Corps of Engineers activities.

What This Amendment Does: The Sandy Supplemental Appropriations Bill provides the United States Army of Corps of Engineers \$3.5 billion in funding for new construction projects. Nearly \$3 billion from this account is directed toward reducing “future flood risk” for areas “associated with large-scale flood and storm events in areas along the Atlantic Coast within the boundaries of the North Atlantic Division of the Corps that was affected by Hurricane Sandy.”

The legislation also increases the federal cost share for projects funded with this appropriation to 90 percent. This amendment would require a 65 percent (federal) and 35 percent (non-federal) cost share, which is the ratio used in current law. Local communities would then have to share 50% of the long-term upkeep costs for the projects.

COST-SHARING PROVISIONS NEED TO BE PROTECTED, LOCAL COMMUNITIES NEED “DEFRAY” COSTS OF WATER PROJECTS

Federal taxpayer dollars should only fund projects that local partners are willing to pay their fair share for.

In 1986, the Congress changed how we fund water projects.

Ensuring that local communities to put more economic skin in the game. These reforms led to significant savings. It also led to better projects being built.

At the time President Reagan wrote, that "project beneficiaries, not necessarily government entities, should bear a substantial part of the cost."

The law Reagan signed set minimum local cost shares to reduce make-work schemes and gold plating. The legislation changes this.

COST-SHARING SAVE MONEY, REDUCES PAROCHIAL PROJECTS

These Reagan-era reforms saved real money.

A study by a Wharton Business School professor found that requiring local beneficiaries to pay a greater share of project costs reduced overall spending on projects authorized in 1986 by 35% and saving the federal government more than \$3 billion.

This sharing of costs was considered one of the crowning achievements of the 1986 Water Resources Development Act (WRDA).

Then-Senator Robert T. Stafford (R-VT) explained why this was important:

“The cost-sharing provision we wrote in kept the bill from being just a federal handout, pork-barrel measure. States and municipalities will have to show a real need for water projects by helping defray the cost.”¹

THE FEDERAL COST SHARE CHANGE FOR SANDY IS UNFAIR TO OTHER STATES

Most communities pay a 35% cost share or more new flood control and shoreline projects.

After Katrina and the devastation that occurred in the gulf, there were significant investments made.

A similar project to the shoreline construction projects being proposed is the Mississippi Coastal Improvement Program.

In Mississippi’s case, they didn’t get 90% of the project paid for. 35% of the initial phase of the project (\$407 million) is being paid for by local contributors.²

¹ “Reagan signs bill for part payment of water projects,” Baltimore Sun, November 18, 1986

²http://www.sam.usace.army.mil/Portals/46/docs/program_management/mscip/docs/MSCIP%20Chief%20Report.pdf

SUPPORTERS HAVE NOT OFFERED A JUSTIFICATION FOR CHANGING THE COST SHARE

The Senate Sandy Supplemental proposes almost \$3 billion in new shoreline flood control projects.

It is unclear the justification is to change the cost share because we are unaware of how the administration is planning to spend this money.

How can it be determined there is a need to change the cost share on long term construction projects when the administration hasn't told us how they propose to spend the money?