

ISSUE BRIEF

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Necessary Reforms in the Water Resources Development Act Conference Bill

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Congressional leaders intend to produce a final Water Resources Development Act (WRDA) bill this year, and House and Senate conferees have begun formally meeting to discuss reconciling their respective bills. Neither chamber passed a true reform WRDA bill, though the House lawmakers adopted the “reform” moniker in the H.R. 3080 title, the Water Resources Reform and Development Act. They wanted to signal they were diverging from the pork-laden WRDA bills of the past, yet the bill still did not include crucial reforms that save money, reduce bureaucracy, and limit the federal government.¹

The Senate-passed bill is even more lacking in reforms and would increase costs to taxpayers, double down on bureaucratic barriers to efficiency at the Army Corps of Engineers, and maintain the status quo of the Corps’s sprawling mission in projects that are not federal responsibilities.²

Ways to Reform. The House and Senate conferees have already begun to formally hash out the differences between their two bills, which are small in some areas and significant in others. “I am confident at the end of the day we can resolve our differences and achieve a successful conference report,” House

Transportation and Infrastructure Committee chairman Bill Shuster (R-PA) said recently.³

The table below describes six policy issues, including what the House- and Senate-passed bills have or have not done to them and recommended policies to truly reform water resources. These reform proposals would accomplish the following:

- **Prioritization.** Aggressively deauthorizing projects to get control of the Corps’s project backlog before authorizing a slew of new projects would enable the Corps to prioritize its work. New authorizations should be given only for projects that are national in scope, which would exclude many parochial projects that are currently authorized.
- **Devolution and limiting the Corps’s mission:** Transitioning from an *ad valorem* (according to the value of the ship’s cargo) harbor maintenance tax to a user fee based on a ship’s dredging needs would better reflect harbor maintenance costs and begin addressing cross-subsidies between ports. It would pave the way for increased private-sector management of port maintenance. Also, phasing out programs such as beach nourishment and recreation site management would save taxpayers money and rightfully limit the Corps’s mission in favor of more state, local, and private management.
- **Force efficiencies and lower costs.** Requiring that projects yield twice as many benefits as costs would limit the authorization of low-value, local projects. Maintaining cost-share rules estab-

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TABLE 1

Policy Reforms to Address in the Water Resources Development Act Conference

The House and Senate conferees have already begun to formally meet to hash out the differences between their two bills, which are small in some areas and significant in others. This table describes six policy issues, including what the House- and Senate-passed bills have or have not done to them, and recommends policies to truly reform water resources.

ISSUE	HOUSE BILL	SENATE BILL	HOW TO REFORM
1. Project Backlog: Clear the decks of the \$60 billion–\$80 billion backlog.	Allows for \$12 billion in projects deemed unviable to be put on a list for deauthorization but does not subject WRDA 2007 projects to deauthorization.	Sets up bureaucratic commission intended to recommend projects for deauthorizing.	Aggressively deauthorize projects, setting target at \$30 billion. Require a 2-to-1 deauthorization-to-authorization ratio until backlog reduced to \$10 billion–\$15 billion.
2. Harbor Maintenance Trust Fund (HMTF): Address cross subsidies between ports and reform the current <i>ad valorem</i> tax structure.	Increases spending out of HMTF to 80 percent by 2020. Allows spending on non-federal activities. Fails to prioritize maintenance.	Mandates spending each year of all revenue, and interest collected the previous year. No prioritization of maintenance.	Do not make HMTF spending mandatory. Change tax to user fee to reflect dredging needs, not value of cargo. Introduce market incentives and eliminate cross-subsidies between revenue-generating and revenue-consuming ports.
3. New Authorizations: Reduce backlog first. Criteria needed to curtail authorizations.	Authorizes 23 projects that have a Chief’s Report. Sets up a process for new authorizations, with congressional authority preserved.	Authorizes any project that has a Chief’s Report. Transfers authority to executive branch.	Set specific, clear criteria that would permit only the authorization of projects that have national significance. Maintain congressional authority without returning to earmarks.
4. Federal/Non-federal Cost-Share: Lower costs to taxpayers and incentivize non-federal entities to propose cost-effective projects.	Increases federal cost-share of Kentucky Olmsted Lock and Dam Project from 50 percent to 75 percent. Fails to decrease federal cost-share elsewhere.	The changes to local entity’s in-kind contribution credits expand eligibility for these credits and increases federal costs.	Increase non-federal entity’s cost-share for all types of projects when possible and increase inland waterway industry’s cost-share for construction, operation, and maintenance of the system.
5. Benefit-Cost Analysis: Reform to avoid overstated benefits and underestimated costs.	Fails to address.	Fails to address.	Eliminate unrealistic assumptions in analysis. Increase BCA ratio requirement to 2-to-1, benefit-to-cost, to weed out low-value, parochial projects.
6. Beach Nourishment and Recreation Areas: Phase out Corps’s role through privatization or devolution.	Does not address specifically, but would require beach nourishment projects to compete for funding.	Extends beach nourishment by 15 years on top of current 50-year lifetime.	Do not extend beach nourishment and hold non-federal entity responsible for renourishment. Put both programs on a path toward privatization or devolution to the states and localities.

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lished in the 1986 WRDA is important for limiting federal costs and incentivizing local project sponsors to pursue affordable, sustainable projects.

A Big Job to Do. The conferees have a big job to do: preserve the few positive reforms in their respective bills and do away with the costly, wasteful policies that would increase spending and the Corps’s to-do

list. They should rigorously pare down the Corps’s project backlog, reform or establish meaningful cost-shares between the federal and non-federal entities, and phase out or eliminate certain programs that would be more appropriately and efficiently managed by states, localities, and the private sector.

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Endnotes

1. See Emily J. Goff, "House Water Resources Bill: Shortcomings Threaten to Overshadow Reforms," Heritage Foundation *Issue Brief* No. 4080, September 17, 2013, <http://www.heritage.org/research/reports/2013/09/house-water-resources-bill-shortcomings-threaten-to-overshadow-reforms>.
2. Taxpayers for Common Sense, "Analysis of Selected Sections of S. 601, Water Resources Development Act of 2013," March 20, 2013, http://www.taxpayer.net/images/uploads/downloads/TCS_WRDA_Senate_Committee_Bill_Analysis.pdf (accessed November 20, 2013).
3. Kevin Robbillard, "WRDA Conference Leaders Express Confidence," PoliticoPro Whiteboard (subscription required), November 20, 2013, <https://www.politicopro.com/transportation/> (accessed November 20, 2013).