

# ISSUE BRIEF

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## Seven Costly Sins of the Water Resources Development Act of 2013

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The Senate will soon consider S. 601, the Water Resources and Development Act of 2013 (WRDA).<sup>1</sup> This bill would authorize federal spending on an array of water resource projects, including for ports, harbors, inland waterways, beaches, and wetlands, most of which are run by the U.S. Army Corps of Engineers.

S. 601 does contain small positive reforms, such as increasing non-federal control and management of projects and environmental review streamlining, but it is no model of fiscal responsibility. Its seven costly sins would authorize high levels of spending, fail to address underlying problems, and continue using federal tax dollars to pay for state and local project responsibilities:

**1. Authorizes Billions in Spending.** According to the Congressional Budget Office, S. 601 has an estimated \$12.2 billion price tag over the fiscal year 2014–2023 period.<sup>2</sup> Particularly in this era of chronic, deep budget deficits, spending billions of tax dollars on many activities that would be more appropriately funded and managed by states, localities, or the private sector is irresponsible.

**2. Funds State and Local Activities.** Over the years, lawmakers have ill-advisedly folded local or

private-sector activities (such as beach replenishment, hydropower generation, flood control, and recreation facility construction and management) into the corps's mission. Distracted by parochial interests and the allure of federal funds for pet projects, lawmakers are thus discouraged from setting rigorous cost-benefit analyses as a requirement. If the private sector or local citizens were paying for projects in full, they would be incentivized to make wise investment and construction decisions to control costs.

Yet S. 601, for example, continues paying for the Corps's 4,200-plus recreation areas. It also extends the life of beach nourishment projects by 15 years—which consist of pumping sand and sediment onto shorelines—even though they already last for 50 years. Such misguided federal spending on a local priority amounts to subsidizing wealthy owners of beachfront property.<sup>3</sup>

**3. Worsens the Corps's Project Backlog.** S. 601 is the first WRDA bill in the post-earmark era. Instead of earmarking, the bill grants broad authorization for project funding and only requires a project to have a favorable report from the Army Corps chief engineer, plus a project plan. In addition to opening the door for potential "Administration earmarks," this provision could lengthen the corps's to-do list by 27 projects and result in \$2.5 billion in spending over the next five years.<sup>4</sup>

Instead of further clogging up the corps's project pipeline, which ultimately wastes taxpayer dollars by slowing down the process, lawmakers should clean house and address the \$60 billion backlog of 1,000 studies and projects and cancel funding for those that are unwarranted before adding new projects to the mix.<sup>5</sup>

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**4. Prevents Budget Cuts.** Another troubling provision of the bill would prevent Congress from considering any bill that lowers the funding level for the Civil Works Program from the previous year's level. Making more spending off-limits from budget reductions such as sequestration would only let Congress off the hook from having to live within its means.

The corps should not be insulated from such budgetary constraints, though, particularly when most of its civilian programs are outside the scope of federal responsibility. Lawmakers should regularly review and justify the corps's budget rather than grant it a minimum funding guarantee and thus diminish this accountability.

**5. Misses the Mark on Environmental Reforms.** S. 601 statutorily mandates the corps's new efforts to accelerate its feasibility study time lines. The bill also attempts to speed up project construction by setting hard deadlines for the environmental review process and penalties if those deadlines are not met.

The spirit of this provision—to lower costs and increase efficiencies—is welcome. The devil is in the details, though, and such efforts typically enlarge federal bureaucracy and further hinder the process. Instead, lawmakers should narrow the scope of the National Environmental Policy Act (NEPA) review process and remove the analysis of greenhouse gas emissions as a requirement, with the ultimate goal of rescinding NEPA.<sup>6</sup>

**6. Mandates Studies, Misses Reforms.** S. 601 is rife with mandates for studies of levee vegetation, the history of hurricanes and large disasters, the corps's flood and drought management, audits

of corps accounting practices, and progress reports on the reforms contained in the bill itself. While conducting studies seems innocuous, it can distract from enacting real reform. A better near-term reform would be for Congress to streamline the corps's scope of activities—so it can truly increase efficiencies in project delivery—and give it the needed flexibility to do so.

**7. Stops Short on Harbor Maintenance Trust Fund Reform.** Fees levied on cargo that passes through the nation's ports and waterways finance the Harbor Maintenance Trust Fund (HMTF), which pays for harbor and port operation and maintenance (O&M). The trust fund currently runs a surplus; what is not spent on O&M is used to pad spending elsewhere. S. 601 would require that all revenues and interest credited to the HMTF in a given year be fully spent in that year and fund harbor maintenance projects only.

This provision makes some sense; user fees should be dedicated to the purposes for which they were collected. However, if the fund is running a surplus, either the fees should be reduced or the reserve funds should be set aside for future needs—not used to hike spending elsewhere in the budget.

Further, as Chris Edwards of the Cato Institute has argued, Congress should reform the current system, which heavily subsidizes little-used ports, by privatizing the nation's ports.<sup>7</sup> Privatization would eliminate current inefficiencies and more accurately reflect the actual costs of moving goods through our ports and waterways.

**An Abyss of Spending.** While S. 601 attempts some helpful reforms, including in the environmental review process and harbor maintenance program

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1. The Water Resources Development Act of 2013, S. 601, <http://www.gpo.gov/fdsys/pkg/BILLS-113s601rs/pdf/BILLS-113s601rs.pdf> (accessed May 1, 2013).
  2. Congressional Budget Office, "S. 601 Water Resources Development Act of 2013," April 17, 2013, p. 1, <http://www.cbo.gov/sites/default/files/cbofiles/attachments/s601.pdf> (accessed April 23, 2013).
  3. See Ronald D. Utt, "The Water Resources Development Act of 2007: A Pork Fest for Wealthy Beach-Front Property Owners," Heritage Foundation *WebMemo* No. 1458, May 15, 2007, <http://www.heritage.org/research/reports/2007/05/the-water-resources-development-act-of-2007-a-pork-fest-for-wealthy-beach-front-property-owners>.
  4. *Ibid.*
  5. Nicole T. Carter and Charles V. Stern, "Army Corps of Engineers Water Resource Projects: Authorization and Appropriations," Congressional Research Service *Report for Congress*, March 22, 2013, p. 2, <http://www.fas.org/sgp/crs/misc/R41243.pdf> (accessed May 1, 2013).
  6. See Jack Spencer, ed., "Environmental Conservation: Eight Principles of the American Conservation Ethic," The Heritage Foundation, July 27, 2012, <http://www.heritage.org/research/projects/environmental-conservation#EightPrinciples>.
  7. Chris Edwards, "Downsizing the Federal Government: Cutting the Army Corps of Engineers," Cato Institute, March 2012, <http://www.downsizinggovernment.org/sites/downsizinggovernment.org/files/pdf/usace.pdf> (accessed May 1, 2013).

and by avoiding earmarks, most of them fall short. Further, that the bill continues forcing federal taxpayers to pay for projects that are local responsibilities overshadows any reform efforts.

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