

August 25, 2020

The Honorable Lamar Alexander, Chairman
Member Senate Committee on Appropriations
Subcommittee on Energy and Water Development
Development S-128, The Capitol
Washington, D.C. 20510

The Honorable Dianne Feinstein, Ranking
Senate Committee on Appropriations
Subcommittee on Energy and Water
S-128, The Capitol
Washington, D.C. 20510

Dear Chairman Alexander and Ranking Member Feinstein:

As you draft Fiscal Year 2021 appropriations for the Senate Appropriations Subcommittee on Energy and Water Development, and Related Agencies, we urge you to provide an appropriation for the Corps Water Infrastructure Financing Program (CWIFP) as authorized under the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) within the Water Resources Reform and Development Act of 2014 (WRRDA) (P.L. 113-121, sec. 5021).

WIFIA divided responsibility for accomplishing its goals between the Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers (USACE). The EPA was entrusted with establishing its WIFIA program to provide credit assistance for a range of drinking water and wastewater projects. The act assigned to the USACE program the responsibility to provide similar assistance for flood control projects, hurricane and storm damage reduction, environmental restoration, coastal or inland harbor navigation improvements, and inland and intracoastal waterways navigation improvements. USACE calls its program the Corps Water Infrastructure Financing Program to avoid confusion with the established EPA WIFIA program.

While the EPA has regularly received appropriations for its WIFIA program, the USACE has yet to receive any funding to implement its own program. As a result, no progress has been made toward accomplishing the goals for which WRRDA authorized USACE to establish a separate WIFIA program.

On July 31, the House of Representatives passed an FY21 minibus package of six appropriations bills, including funding for the Civil Works function of USACE. No funds for the WIFIA program of USACE were included in this funding.

We understand that efforts were made to have funding for the WIFIA program of USACE included in the FY21 minibus, but that objections to this were based, at least in part, on funding eligibility criteria for the WIFIA program published jointly by EPA, the Office of Management and Budget, and the Department of the Treasury in the Federal Register on June 30, 2020 (85 Federal Register 39189, June 30, 2020 [FRL-10011-02-OW]).¹ Specifically of concern are Criteria IV. Initial Federal Asset Screening Questions A and B, along with footnotes 3 and 4. If applied to the CWIFP program, these criteria would make ineligible for CWIFP loans any projects that are, in whole or in part, authorized by Congress for implementation by USACE or the Bureau of Reclamation. When judged by these criteria,

¹ <https://www.federalregister.gov/documents/2020/06/30/2020-13889/water-infrastructure-finance-and-innovation-act-program-wifia-criteria-pursuant-to-the-further>.

current USACE CWIFP program criteria² are overly broad and should be focused solely on non-federally authorized projects. Rather than excluding the CWIFP of USACE from funding altogether, ASCE recommends that a more constructive approach to accommodating these criteria would be to fund the CWIFP by specifically restricting the appropriation for implementation of the CWIFP program to support non-federally authorized projects.

Because the amounts appropriated for WIFIA cover only the “subsidy cost” of providing WIFIA credit assistance, i.e., the Federal government’s risk that the loan may not be repaid, and because the average subsidy cost for WIFIA-funded projects is expected to be relatively low, the amount appropriated can be leveraged into a much larger amount of credit assistance. For example, in its most recent Notice of Funding Availability, published in the Federal Register on July 17, 2020,³ the EPA estimated that its WIFIA appropriation of \$50 million for FY20 would allow EPA to provide approximately \$5 billion in long-term, low-cost financing to water and wastewater infrastructure projects and would accelerate approximately \$10 billion in infrastructure investment around the country.

Given the impacts the COVID-19 pandemic has had on our national economy and funding for local infrastructure, now is the time for the Federal government to encourage local leadership and innovation in financing water resource related projects. **ASCE urges that USACE’s CWIFP program in FY21 be funded at no less than \$50 million.** This \$50 million could likewise leverage \$5 billion in low interest loans to deserving local governments and result in over \$10 billion in additional investment in our national water resource infrastructure with nominal impact to the Federal Budget.

Modernization of our water resource infrastructure to resist climate variability, improve navigation and enhance our economic recovery are more critical than ever before. Ultimately, robust investment in this program is necessary to improve the nation’s water resource infrastructure. We thank you for your consideration of our funding request and look forward to working with the Subcommittees to fund this innovative pilot infrastructure financing program.

Sincerely,

American Society of Civil Engineers

cc: Chairman Richard Shelby and Ranking Member Patrick Leahy, U.S. Senate Committee on Appropriations

² Published at <https://www.usace.army.mil/Missions/Civil-Works/Infrastructure/revolutionize/CWIFP/>.

³ 85 Federal Register 43452, July 17, 2020.