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HOW REPUBLICAN CONTROL OF CONGRESS AND TRUMP 2.0 COULD AFFECT CORPS OF ENGINEERS PROJECTS

As President-Elect Trump prepares to return to the White House with Republican control of both the House and Senate, WaterLog is evaluating what a second Trump administration could mean for Corps of Engineers projects. While the presidency sets the tone for water resource priorities, Congress ultimately holds the power to authorize and fund projects. This dynamic makes understanding the interplay between the executive branch and Congress crucial for Corps employees, coastal communities, and businesses that rely on these projects. Here are several key areas to watch:

1. President's Budget Proposal

The federal appropriations process begins with the president's budget proposal, traditionally submitted on the first Monday of February. During his first term, President Trump requested an average of \$29M annually for coastal projects, higher than Biden's \$22M average but significantly lower than Obama's \$45M. Note that inflation has significantly increased the cost of coastal projects since the Obama administration.

Warwick Group Consultants will advocate for President Trump to set a bold precedent by increasing funding for coastal projects, recognizing their importance to national security, disaster resilience, and economic stability. We believe a robust funding request would signal the administration's commitment to coastal resilience and provide a strong foundation for congressional appropriations.

2. Cost-Cutting Measures, the Corps Backlog, and Federal Earmarks

While cost-cutting measures may align with broader fiscal priorities, they could have unintended consequences for the Corps. For example:

- Efforts to reduce the Corps' backlog of authorized but unfunded projects may inadvertently slow the pace of new project authorizations under the Water Resources Development Act (WRDA).
- Cutting funding for existing projects could lead to delays in critical infrastructure improvements, leaving coastal communities vulnerable to disasters.
- Earmarks, now restricted to public-benefit projects and thoroughly vetted, have become an effective tool for securing funding for Corps projects. As a part of driving down costs, a Republican-controlled Congress could choose to reinstate a ban on earmarks. However, since the return of earmarks, Republican lawmakers have requested more money through earmark requests than Democrats.
- A significant amount of earmarked funding goes to Energy and Water projects involving the Corps. It's important to note that the presence of earmarks does not reduce the level of government spending, rather it gives lawmakers control of 1% of discretionary spending. We don't think a ban on earmarks is likely, but it's possible.

3. Environmental Regulations and Project Management

A second Trump administration could provide opportunities for regulatory reform that benefits the Corps without undermining environmental safeguards. For instance:

- Reducing overly burdensome regulations that hinder project management and logistics could allow the Corps to complete projects more efficiently.
- Revisiting standards and processes that create unnecessary delays could improve the Corps' ability to respond to urgent needs.

This approach does not suggest rolling back overarching protections like NEPA but rather focusing on pragmatic reforms to streamline common-sense project management activities.

CBRA BILL HEADS TO THE PRESIDENT'S DESK

The BEACH Act, a bill formally authorizing the use of certain Coastal Barrier Resources Act (CBRA) system units as sand borrow sites for beach nourishment, is now headed to the President's desk. This legislation addresses a longstanding USFWS solicitor's opinion that was overturned during the final months of the Trump administration and later reinstated through an executive order under the Biden administration. The act officially codifies into law the use of these borrow sites for U.S. Army Corps of Engineers (USACE) coastal storm risk management projects, provided the sites were used in emergency situations between December 31, 2008, and December 31, 2023.

WHAT TRUMP'S RE-ELECTION MEANS FOR OFFSHORE WIND

While the president cannot entirely cancel offshore wind projects, a Trump administration could create significant challenges that delay timelines and undermine financial viability. These compounded effects could ultimately jeopardize projects. Key areas impacting offshore wind include:

1. Tax Credit Revisions:

Through executive orders, Trump could direct the Treasury to modify guidance for Inflation

Reduction Act tax credits, which many offshore wind projects rely on for profitability. Without these credits, most projects become economically unfeasible.

2. Reducing Subsidies:

A GOP-driven push to cut subsidies for expensive energy sources, like offshore wind (3–4x the cost of land-based wind), could further erode financial support.

3. Social Cost of Carbon (SCC):

Trump could increase the SCC discount rate, as he did during his first term, reducing the SCC value from \$190/ton (set under Biden) to \$1–6/ton. This would weaken the justification for costly green projects like offshore wind.

4. Revoking Offshore Wind Goals:

By rescinding Biden's executive order establishing a 30GW offshore wind goal by 2030, Trump could deprioritize federal support and resources, further delaying projects.

These shifts, coupled with renewed Republican skepticism toward offshore wind, could force the industry to drastically adapt or risk collapse in the U.S. market. Following Trump's re-election, renewable energy stocks immediately fell, signaling investor uncertainty about the sector's future.

WRDA & FEDERAL APPROPRIATIONS

It's tough to tell what is next for WRDA, but appropriations are likely to be kicked towards the next Congress with a stopgap spending bill to get the Federal Government through the holidays.

For WRDA, Congress will have to find a vehicle in a lame duck Congress. Despite WRDA's bipartisan nature, there has been no news on how the bill might move forward. Retiring EPW Chairman, Senator Tom Carper, has been at the helm of the bill for several years with this year's version carrying his name as an ode to his legacy. Congress has kept tradition in recent years by passing the bill biannually. Congress should seek to do that, given that both chambers have already finalized their versions. The chambers just need to come to an agreement in conference.

BIDEN SUBMITS DISASTER AID REQUEST

President Biden has asked Congress to provide \$98.4 billion to repair damages caused by Hurricanes Helene and Milton as well as other recent disasters. This package includes \$500 million for the Corps of Engineers as a reimbursement for the costs that agency incurred in responding to the collapse of the Francis Scott Key Bridge in Maryland as well as for repairs and other expenses related to the two hurricanes.

HOMEOWNERS CAN PAY NFIP PREMIUMS IN INSTALLMENTS

Starting this coming December 31st, homeowners can pay their annual flood insurance premiums in monthly installments. The change comes in a new rule announced by FEMA on November 1st. Previously, policyholders were required to pay their premiums in full at the time they applied for or renewed their policy. FEMA said that it cut administrative costs and helped it to manage its finances better. However, Congress directed the agency to make it easier for policyholders to pay what for many has been significantly higher premiums resulting from the adoption of NFIP Risk Rating 2.0 that went into full effect in 2022.

CAN FEDERAL MONEY BE USED AS A NON-FEDERAL MATCH?

The Corps of Engineers has issued new guidance that allows a state or local government to use federal funds provided by another federal agency to satisfy in whole or in part the non-federal cost share requirement for any study or project. This policy comes from guidance issued on November 8th by Jaime Pinkham, the Acting Assistant Secretary of the Army for Civil Works who has taken the place of ASA(CW) Michael Connor who resigned in October. There are two criteria for this to be allowed. First, no existing federal law can prohibit such usage and second, the federal agency that provides the funds agrees to their usage as a non-federal match. The guidance was issued after months of delay in response to Section 8149 of WRDA 2022. We are told the Corps has previously allowed HUD's Community Development Block Grant funds to be used as a non-federal match but that is specifically allowed by federal law governing that program. How and whether it will apply to other federal programs such as FEMA's disaster mitigation grants remains to be seen.

CONGRESS HOLDS HEARING ON FEMA'S RESPONSE TO RECENT DISASTERS

Accusations that FEMA workers purposefully avoided hurricane impacted homes that displayed signs in support of President Trump were aired at a November 19th public hearing of the House Transportation & Infrastructure Committee. Rep. Scott Perry (R-PA), chair of the Emergency Management Subcommittee and full committee chair Sam Graves (R-MO) called reports of these action "unacceptable...(and) a pattern of incompetence from the agency." Blaming the Biden administration for lax oversight of FEMA, the two said in an opening statement that "under new leadership, we will finally be able to reform FEMA in a way that works to support all Americans and refocus the agency on what it is supposed to do." Rep. Rick Larsen (D-WA, the ranking Democrat on the committee decried what he termed "false rumors...that created distrust in the Federal Government...and has caused some survivors to refuse federal assistance. FEMA Administrator Deanne Criswell agreed that a FEMA employee had acted improperly and was fired. She offered to ask for an Inspector General to make sure that this was an isolated incident and make a full report on their findings to Congress.

LEGISLATIVE UPDATE

The following bills are among those coastal-related bills that remain alive. Those that have been placed on the House calendar and await floor debate and a vote before Congress adjourns for the year are –

- HR 1796 Disaster Fairness Survivors Act (Rep. Titus, R-NV)
- HR 4770 Chesapeake Bay Science Education Act (Rep. Sarbanes, D-MD)
- HR 2437 Town of North Topsail Beach Coastal Barrier Resources System Map Amendment, (Rep. Murphy, R-NC)
- HR 5473 Promoting Resilient Buildings Act (Rep. Edwards, R-NC)

The following Senate bills have been placed on the calendar for Senate debate and a vote –

- S 3738 GLRI (Great Lakes Restoration Initiative) Act (Sen. Stabenow, D-MI)
- S 2086 Sea Turtle Rescue Assistance and Rehabilitation Act (Sen. Markey, D-MA)

- S 3348 Harmful Algal Bloom and Hypoxia Research and Control Amendments (Sem Sullivan R-AK)
- S 3067 Facilitating Hazard Mitigation Projects Act (Sen. Peters, D-MI)

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