



May 19, 2014

Honorable Bill Shuster  
Chairman  
Committee on Transportation  
and Infrastructure  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

As you requested, CBO has prepared a cost estimate for the conference agreement on H.R. 3080, the Water Resources Reform and Development Act of 2014, as posted on the Committee on Transportation and Infrastructure's website on May 15, 2014. The legislation would authorize the U.S. Army Corps of Engineers (Corps) to construct water projects to mitigate storm and hurricane damage, restore ecosystems, and improve flood management. The legislation also would authorize the Corps to assist state and local governments with levee safety programs and to assist Indian tribes with water resources projects. Finally, the legislation would authorize the Environmental Protection Agency (EPA) to provide loans or loan guarantees to state and local governments and certain nongovernmental entities to complete water infrastructure projects.

### **Estimated Budgetary Effects**

The estimated budgetary effects of the conference agreement are shown in the table on page 2. This estimate is based on information from the Corps about the cost of work it would be authorized to perform under H.R. 3080 and the feasible schedules for beginning and completing construction of projects authorized by the legislation. The costs of the legislation fall within budget functions 300 (natural resources and environment) and 450 (community and regional development).

**Discretionary Costs.** Based on information from the Corps and EPA, and assuming the appropriation of the specified and necessary amounts, including adjustments for anticipated increases in construction costs, CBO estimates that implementing the legislation would cost \$5.4 billion over the 2015-2019 period. CBO estimates that spending over the 2020-2024 period would total \$6.9 billion, with additional spending continuing for many years after 2024. Major components of that cost include:

	By Fiscal Year, in Millions of Dollars					2015- 2019
	2015	2016	2017	2018	2019	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
<b>Title I</b>						
Program Reforms and Streamlining						
Estimated Authorization Level	200	199	203	207	211	1,019
Estimated Outlays	86	148	175	195	198	803
<b>Title III</b>						
Safety Improvements and Addressing Extreme Weather Events						
Estimated Authorization Level	164	161	160	160	160	806
Estimated Outlays	107	145	159	159	159	729
<b>Title VII</b>						
Water Resources Infrastructure						
Estimated Authorization Level	628	722	915	1,034	1,135	4,433
Estimated Outlays	251	477	677	859	973	3,237
<b>Other Provisions</b>						
Estimated Authorization Level	174	175	185	190	155	879
Estimated Outlays	87	135	144	148	117	630
<b>Total Changes<sup>a</sup></b>						
Estimated Authorization Level	1,166	1,256	1,463	1,591	1,661	7,137
Estimated Outlays	531	905	1,155	1,361	1,447	5,399

Note: Components may not sum to totals because of rounding.

a. CBO estimates that spending over the 2020-2024 period would total \$6.9 billion, with additional spending continuing for many years after 2024.

- Title I would expand and clarify the Corps' authority to control invasive aquatic species, implement flood control and environmental protection projects, and assist Indian tribes with water resources projects.
- Title III would direct the Corps to consult with the Federal Emergency Management Agency to develop a levee safety program and would reauthorize the Dam Safety Program.
- Title VII would authorize the construction of 34 new water-related projects and would increase the total costs allowable for construction of eight existing projects.

- Other provisions of the conference agreement would expand the Corps' responsibilities for maintaining harbors and authorize the Corps and EPA to implement pilot projects and provide loans and loan guarantees to nonfederal entities to complete water infrastructure projects. The legislation would withdraw the authorization for certain projects and establish a process to deauthorize others. CBO expects that deauthorizing the specified projects would not have a budgetary effect because no additional construction is currently planned for these projects.

**Direct Spending.** Under the conference agreement, ownership of certain real properties would be transferred to nonfederal entities or exchanged for other properties. Based on information from the Corps, CBO expects that some receipts from leasing those properties would no longer be collected if federal ownership ended; such losses are treated as an increase in direct spending, thus pay-as-you-go procedures apply. However, CBO estimates that those foregone receipts would not be significant over the 2015-2024 period. Enacting the legislation would not affect revenues.

### **Previous CBO Cost Estimates**

On April 17, 2013, CBO transmitted a cost estimate for a version of S. 601, the Water Resources Development Act of 2013, that was provided to CBO by the Senate Committee on Environment and Public Works on April 12, 2013. CBO estimated that the legislation would cost \$5.7 billion in the first five years after enactment, subject to appropriation of the necessary amounts.

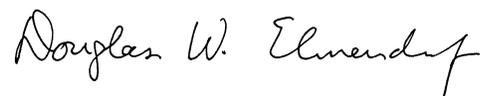
On October 21, 2013, CBO transmitted a cost estimate for H.R. 3080, the Water Resources Reform and Development Act of 2013, as ordered reported by the House Committee on Transportation and Infrastructure on September 19, 2013. CBO estimated that the legislation would cost \$3.5 billion in the first five years after enactment, subject to appropriation of the necessary amounts.

The conference agreement includes provisions that were included in those pieces of legislation, amendments that were adopted on the floor of the House and Senate, and other provisions. The current cost estimate reflects those differences.

Honorable Bill Shuster  
Page 4

I hope this information is useful to you. If you need further details on these estimates, we would be pleased to provide them. The CBO staff contact is Aurora Swanson.

Sincerely,

A handwritten signature in black ink that reads "Douglas W. Elmendorf". The signature is written in a cursive style with a large, looped initial 'D'.

Douglas W. Elmendorf  
Director

Enclosures

cc: Honorable Nick J. Rahall II  
Ranking Member

Identical letter sent to the Honorable Barbara Boxer.