

FLOOD & STORMWATER MANAGEMENT UPDATE



Corps Appropriations Bill Moves Forward in Senate

The Senate Appropriations Committee on September 7 approved its version of the FY 2012 Energy and Water Appropriations Bill by a 29-1 vote. The bill includes \$31.625 billion in discretionary 2012 funding for the Department of Energy (DOE), U.S. Army Corps of Engineers and water programs of the Interior Department.

During the markup, Committee members postponed consideration of several amendments, including a provision to increase funding to repair flood-damaged levees in the Midwest. Notably missing from the Senate bill is a rider attached to the House measure that would block the Obama administration from moving forward to expand federal jurisdiction over wetlands and streams.

The next step for the bill and the postponed amendments is consideration on the Senate floor, which has yet to be scheduled.

The energy and water bill provides \$25.549 billion for DOE, \$4.864 billion for the Army Corps and \$1.067 billion for Interior's water programs, cutting overall spending for those entities by \$57 million from fiscal 2011 levels.

The Senate bill proposes \$4.864B for the Corps of Engineers, which is \$291 million above the Administration's budget level, and \$101 million more than the House passed appropriations bill. Despite the proposed increase over the President's budget, Corps funding continues to be on a downward trend: \$5.4B was appropriated for the Corps by Congress as recently as FY2010. The bill doesn't allocate funding for "new start" water infrastructure projects like locks, dams and levees, despite a \$60 billion backlog of authorized projects at the Corps.

In a typical year, Congress would add funding to projects listed in the President's budget, and add projects that were left out of the budget. With the earmark ban in place in both the House and Senate, this is not possible.

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Instead, Senate appropriators followed the lead of their House counterparts and created additional national funding streams for unfunded or underfunded projects in the General Investigations (studies), Construction, and Operations & Maintenance (O&M) accounts, although with some differences in the amounts proposed, and some additional specificity in the Senate bill for how the O&M account is to be allocated.

Although the fiscal year begins on October 1, none of the 12 appropriations bills have passed both the House and Senate.

Continuing Resolution Vote Expected

Sometime in the next two weeks, the House of Representatives and Senate are expected to consider a short-term Continuing Resolution to continue funding the operation of the U.S. government beyond September 30.

House Appropriations Committee Chairman Hal Rogers (R-KY) has indicated the bill will include additional funding for disaster aid to help victims of floods, tornadoes, hurricanes and other natural disasters. Some Republicans have suggested that they will try to offset that money with spending cuts elsewhere, but have emphasized that such budget concerns will not delay short-term action.

The Federal Emergency Management Agency has suspended some disaster aid to ensure that money remains for victims of Hurricane Irene and other disasters who have suffered the most.

Senate Appropriators Highlight Levees and Flood Control

Extreme floods along the Mississippi and Missouri Rivers this year prompted Democrats to write in \$1.045 billion for the Army Corps to perform emergency repairs on flood-control structures in the FY2012 appropriations bill.

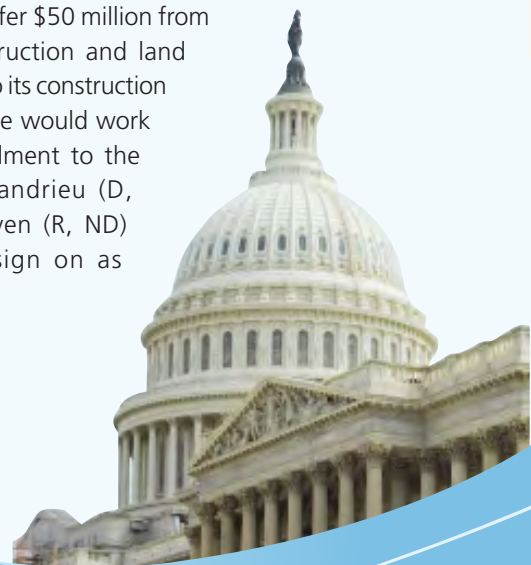
Energy and Water Appropriations Subcommittee Chair Dianne Feinstein (D-CA) has indicated that spending would not require offsets. The Majority in the House provided \$1 billion for flood-control repairs at the expense of high-speed rail investment.

In reporting out the 2012 appropriations bill for the U.S. Army Corps of Engineers, the report expresses concerns that the costs to repair levees may be overwhelming to local interests. "The report directs the Corps to "ensure that recommendations are not blindly made in the name of safety without determining if the recommendations actually provide cost effective safety improvements. The Committee encourages the Corps when working with communities on levee issues to be cognizant of the costs for proposed fixes and the community's ability to fund the repairs."

During its consideration of the funding bill, the Appropriations Committee tabled two amendments which would increase funding

for flood control projects, which will be taken up when the bill is heard on the floor of the senate:

- Sen. Roy Blunt (R-MO) proposed two amendments seeking additional money for the Army Corps. The first sought nearly \$500 million to raise the \$1.045 billion provided in the bill for flood-control infrastructure repair along the flood-ravaged Mississippi and Missouri rivers up to a total of \$1.5 billion.
- Blunt also proposed and withdrew an amendment to transfer \$50 million from the habitat reconstruction and land purchasing budget to its construction budget. Blunt said he would work to bring the amendment to the floor, and Sens. Landrieu (D, LA) and John Hoeven (R, ND) said they would sign on as co-sponsors.





Senate Committee Approves NFIP Reform

The bill, put forward by Banking Committee Chair Tim Johnson (D-SD) and Ranking Member Richard Shelby (R-AL), would reauthorize the program for five years and seeks to pay down its growing, \$18 billion debt by phasing in premium increases over a period of four years, as opposed to five in the House bill.

The Senate Banking, Housing and Urban Affairs Committee approved a five-year reauthorization and reform of the National Flood Insurance Program (NFIP) on September 8. The bill would require more people to obtain insurance coverage and phase in higher rates subsidized by policyholders, and passed the Committee with bipartisan support.

The Senate bill was proposed just three weeks before the latest single-year extension of the NFIP is set to expire on September 30. A lapse in the program could further damage the nation's economy by delaying real estate closings and claims payments for thousands of homeowners affected by recent record floods along the Mississippi and Missouri rivers and by Hurricane Irene and Tropical Storm Lee, experts say.

Applauding the committee's agreement on a long-sought fix to the program, Sen. David Vitter (R-LA) nonetheless urged senators to also pass a temporary reauthorization to avoid another short-term lapse and buy time for a Senate floor vote and a conference with the House, which passed its own reform measure (H.R. 1309) in July. There are substantial differences between H.R. 1309 and the Senate version, and passage by the Senate, resolution in conference, and the President's signature on a final bill before September 30 is not a foregone conclusion.

Homeowners that face "residual risk" even though they sit behind a levee would also be required to purchase flood insurance for the first time under the bill. Sen. Jeff Merkley (D-OR) said his constituents suspected that the new homeowners were being brought in to subsidize higher-risk policies elsewhere and obtained a commitment from committee leaders that the new policies would be priced solely based on actual risk to individual structures.

The committee also approved an amendment by Sen. Jerry Moran (R-KS) that would allow homeowners in communities that have made progress in repairing levees to receive downward adjustments in rates based on those improvements. Another approved amendment, by Sen. Mike Johanns (R-NE), would commission a study on the participation of American Indian tribes in the program.

Excluded from the bill was a provision that would have forgiven the program's growing debt. Although previous reform measures have included a debt-forgiveness measure, committee Chairman Johnson said it was withheld because no bipartisan agreement could be reached on the matter but that the bill nonetheless "strengthens and stabilizes this important program."



Upcoming Dates

Oct 31 - Nov 3

NAFSMA Annual Meeting, St. Petersburg, FL
<http://www.loewshotels.com/en/Don-CeSar-Beach-Resort>

Make your reservations now at the Don Cesar Hotel at 1-800-235-6397. Register under the NAFSMA block for special conference rate.