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NEW GUIDANCE ON VALUING ECOSYSTEM SERVICES IN BCR ANALYSIS

If you were hoping for a big change in how the Corps determines its Benefit-Cost Ratio or its Value to the Nation, don't get too excited. The White House Office of Management and Budget has issued new guidance for agencies on how to value ecosystem services, and several articles have been giving this publication a big fanfare. In fact, you don't need to read past page 2 to see that some agencies have already developed their own internal guidance for valuing ecosystem services, including the US Army Corps of Engineers. According to the guidance, they can rely on those existing procedures. And the footnotes on that page show that the Army Corps of Engineers is one of those agencies. Footnote 3 cites a 2013 Corps document subtitled "An Examination of Authorities, Policies, Guidance and Practices." It notes, however, that it is "not specifically geared toward Corps District planners."

So, what is the Corps' policy toward valuing ecosystem services? In fact, the Corps recently issued detailed guidance for planners on ecosystem services in what is known as Appendix C of its overall Planning Guidance Notebook (updated December 2023). Readers interested in how the Corps values ecosystem services in both monetary and non-monetary ways should look to that document first.

FEMA DISASTER MONEY TO RUN OUT THIS SUMMER

In <u>testimony</u> before a House Committee earlier this month, a government auditor said that FEMA would run out of disaster money this summer if it doesn't get a quick infusion of billions of dollars. In addition, the agency's statutory shoulders just aren't strong enough to handle the non-disaster responsibilities Congress has added from COVID-19 funeral assistance, lost wage assistance from the pandemic, and more. Months ago, the Administration requested a supplemental appropriation of \$9 billion for FEMA as part of a \$23.5 billion <u>disaster supplemental</u>. That request has moved nowhere in Congress so far and doesn't even get a mention in most articles about the funding crisis.

The General Accountability Office, the investigative arm of Congress, reported that FEMA's disaster relief fund would have a deficit of \$6.4 billion by the end of this summer. To mitigate that potential, FEMA has the authority to prioritize and ration how it distributes its scarce funds. But Congress needs to act soon to avoid this fiscal disaster.

CORPS PROPOSES AGENCY SPECIFIC PROCEDURES FOR PRINCIPLES & REQUIREMENTS

The Corps is seeking public input on its <u>proposed</u> Agency Specific Procedures (ASP) to implement the Principles, Requirements & Guidelines (PR&G) adopted by the White House Council on Environmental Quality in 2013. This is a very detailed and equally important proposal that will be partially summarized in this article. Comments are due April 15, 2024, with instructions for filling in the document linked above. The Corps may seem a little late to be publishing its ASPs, but it notes that it is responding not to CEQ's original direction to agencies but to congressional directives in Section 110 of WRDA 2020. Here are just a few of the statements in the proposal, which overall is an effort to update the way the Corps evaluates proposed water resources investments.

The Corps in its proposal notes that the 1973 water resources planning bible reflected two national objectives: (1) to enhance national economic development and (2) to enhance the quality of the environment. A decade later, those were combined into a single objective. The 2013 PR&G is an effort to highlight the dual importance of economic development and environmental enhancement. Focusing on environmental benefits involves being able to measure them in both monetary and qualitive ways. The proposed ASP tackles that goal as well as public safety and both environmental/social justice. Here are some takeaways from the proposed ASP –

- The Corps used the Interior Department's ASP as the basis for its own ASP. Interior includes the Bureau of Land Management that does water resources projects in the western states.
- PR&G not only applies to studies but all potential "investments in projects, plans, and programs whose "purposes either directly or indirectly alter water quantity, quality, ecosystems, or related land management."
- Section 234.2(m) of the proposal defines public benefits to encompass economic, environmental, and social benefits including those that can currently be quantified as well as those that can be described qualitatively.
- Federal investments must reflect national priorities, encourage economic development, and
 protect the environment by (a) seeking to maximize sustainable economic development, (b)
 seeking to avoid unwise use of floodplains, and (c) protecting and restoring the functions of
 natural systems and mitigating unavoidable impacts. There is no hierarchy in WRDA that
 defines how to accomplish these objectives nor is there one in the proposed rule.

The Interior Department adopted its ASPs in 2015. Other agencies with finalized ASPs are EPA. FEMA, and the Natural Resource Conservation Service.

APPROPRIATIONS - SIX DOWN; SIX TO GO

Half of the Battle: Congress narrowly avoided a partial government shutdown earlier this month when it passed the first tranche of long overdue government funding bills, and the package has since been rubberstamped by President Biden. With that, the first *six* bills, out of *twelve* overall, include appropriations for programs like **Transportation**, **Housing and Urban Development** (THUD) and **Energy and Water**, which includes funding for the Army Corps of Engineers (USACE).

The next tranche of bills comes with an expiration date of March 22nd. Since the second set of appropriations bills contain the more often controversial funding vehicles e.g., Labor, Health, and Human Services and of course, Homeland Security, both chambers need to move feverishly to stave off another looming shutdown.

The Homeland Security appropriations funding package provides funding to the Federal Emergency Management Agency (FEMA) for programs related to the National Flood Insurance Program (NFIP). which remains funded at FY 23 levels until the 22nd of this month. This means any lapse in funding, short of another Continuing Resolution, will have a severe impact on the program and its beneficiaries. (See related FEMA story above)

CORPS SHOULD DO MORE TO INCORPORATE RESILIENCE INTO ITS FLOOD RISK MANAGEMENT INFRASTRUCTURE MISSION

In an effort to address climate resiliency and its applicability within the United States Army Corps of Engineers (USACE) Flood Risk Management program, the Government Accountability Office (GAO) has conducted a study which aims to mitigate the Federal Government's fiscal exposure.

GAO has laid out <u>fourteen points</u> for the Corps to review and adopt as they see fit. Noteworthy proposals on the list include options 9 and 14. **Option 9** requires climate-screening assessments of authorized but unfunded projects prior to construction to determine if the projects incorporate suitable climate resilience measures. Another proposal, **Option 14**, establishes a process for modifications to enhance the climate resilience of existing flood risk management infrastructure most vulnerable to climate change. The GAO noted that, over the course of 9 years the Corps <u>dedicated at least \$19 billion</u> in annual appropriations to flood risk management activities. During that same period, Congress provided at least \$46.1 billion in supplemental appropriations to the Corps for repairs to damaged flood risk management infrastructure.

These figures underscore the GAO's justification for carrying out this study. By illuminating the amount of money that the Corps has invested overall, complimented by the additional funding for repairs, GAO is highlighting the fiscal exposure of the federal government. This fourteen-point plan is intended as a preemptive investment that can curb future spending. While the plan by the GAO would more than likely require significant funding upfront, the idea is to fortify existing and future infrastructure. As the GAO sees it, the changes they recommend will save money in the long run if these points are implemented by the Corps now.

CORPS ISSUES WRDA22 GUIDANCE ON SCOPE OF STUDIES

Under the guidance issued last month by the Corps for Section 8106(a) of WRDA22, a non-federal sponsor of an authorized or active feasibility study (not a completed study) can tell the Corps that it wants to include the formulation of additional alternatives to maximize the net benefits from the reduction of comprehensive flood risk, including sea level rise or land subsidence, King tides, rainfall, and much more. In short, studies need not be solely focused on the effects of major storm events. More details on this important change in options available to non-federal sponsors are available here.

STATUS OF COASTAL BILLS

We're now tracking over 20 bills affecting coastal communities. Very few have become law, but some are starting to move from committee to the House floor for debate. You can get the latest list of bills here. One of the bills that is headed to the President's desk for signing into law is the Disaster Assistance Deadlines Act, S.1858, sponsored by Sen. Gary Peters of Michigan. It establishes a deadline for applying for disaster unemployment assistance that matches the application deadline for individuals and households seeking assistance under the Stafford Act with respect to a major disaster for which assistance is provided. You can find more information about this bill or any of the bills in our Coastal Bills list on the Congress.gov website.

Questions or Comments? Contact:

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