

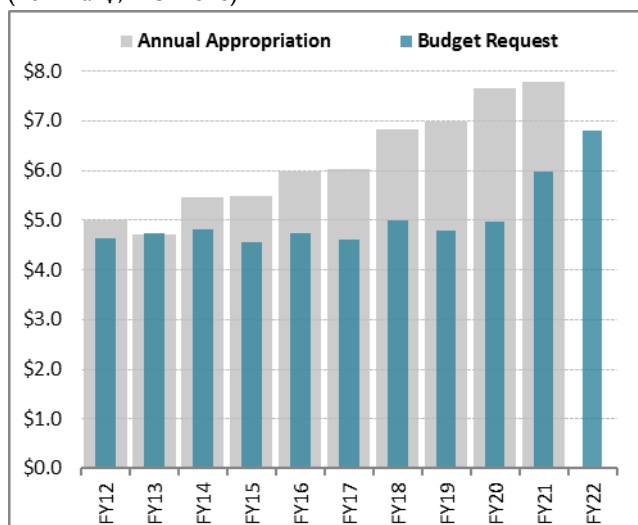
June 9, 2021

## Army Corps of Engineers: FY2022 Budget Request

Congress generally funds the civil works activities of the U.S. Army Corps of Engineers (USACE) in annual Energy and Water Development appropriations acts. These activities include the planning and construction of authorized water resource projects and the operation and maintenance of infrastructure and navigation improvements managed by USACE. For USACE civil works, President Biden requested \$6.79 billion for FY2022. As shown in **Figure 1**, Congress typically funds USACE above the President's request. For FY2021, Congress provided \$7.80 billion (31% above the FY2021 request) in Division D, Title I of P.L. 116-260.

**Figure 1. Annual USACE Requests and Appropriations, FY2012-FY2022**

(nominal \$, in billions)



Source: Congressional Research Service (CRS).

### USACE Funding and FY2022 Request

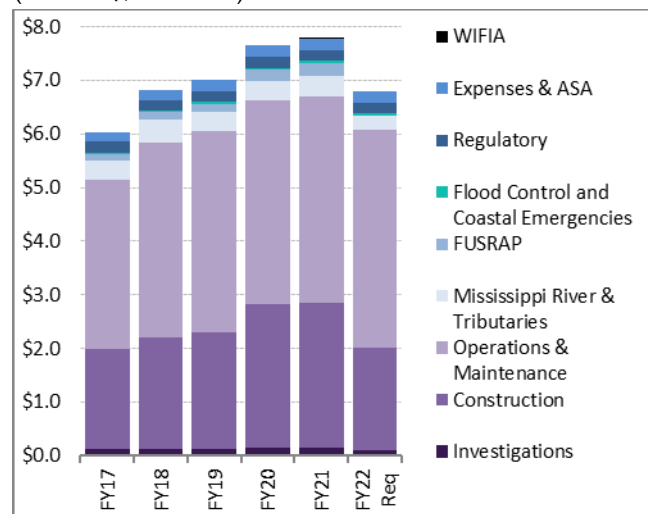
Unlike many of the federal agencies that support infrastructure investments by distributing funds to nonfederal entities by formula or through competitive grant programs, USACE directly commits funds for project planning and construction. It uses most of its appropriations for work on specific studies and projects authorized by Congress. The costs for these activities are often shared with nonfederal project sponsors or users. For more on the USACE appropriations process and related issues, see CRS Report R46320, *U.S. Army Corps of Engineers: Annual Appropriations Process and Issues for Congress*.

Similar to budget requests by previous Administrations, a majority of President Biden's FY2022 USACE budget request would fund maintaining the performance of existing infrastructure, as reflected by the share of funds requested for operations and maintenance (i.e., the O&M account; see

**Figure 2**). The Administration also is proposing seven new studies and four new construction projects (referred to as *new starts*). Budget requests in recent years included no new starts, and Congress regularly has added funding for a specific number of new starts. The FY2022 request also lowers the benefit-cost ratio (BCR) threshold used by recent Administrations for funding navigation and flood risk reduction construction projects. The FY2022 request uses a BCR threshold of greater than 2.0 to 1 (i.e., benefits are at least two times project costs), with some exceptions; previous requests often used 2.5 to 1.

**Figure 2. USACE Appropriations, FY2017-FY2021, and FY2022 Request, by Account**

(nominal \$, in billions)



Source: CRS.

**Notes:** ASA = Assistant Secretary of the Army; FUSRAP = Formerly Utilized Sites Remedial Action Program; Regulatory = Regulatory Program; Req = Request; WIFIA = Water Infrastructure Finance and Innovation Act. The FY2022 budget request proposes to transfer FUSRAP to the Department of Energy. Although the FY2022 request includes a proposal to fund certain expenses directly from two navigation trust funds, the funding request for FY2022 is shown using traditional USACE accounts.

### Congressionally Directed Funding

The 117<sup>th</sup> Congress is pursuing inclusion of congressionally directed funding for site-specific projects (*community project funding*) in the FY2022 appropriations process. From the 112<sup>th</sup> to the 116<sup>th</sup> Congresses, moratorium policies limited congressionally directed funding of these projects, which are sometimes referred to as *earmarks*. Prior to the 112<sup>th</sup> Congress, Congress would direct funds to specific projects not included in the budget request or would increase funds for certain projects. Each year since FY2011, Congress has appropriated *additional funding* for categories

of USACE work without identifying specific projects. For example, in FY2021, Congress provided \$2.25 billion in additional funding for USACE to distribute to specific projects in a *work plan*. For FY2022, it remains to be seen whether Congress will (1) fund additional geographically specific projects that are not in the budget request; (2) provide additional funds in broad categories and direct USACE to develop a work plan for distributing funds to individual projects (as has previously been the case); or (3) execute a combination of the two approaches.

### Navigation Improvements

The FY2022 budget requests \$3.44 billion for navigation, including \$2.26 billion for coastal navigation and harbors and \$1.19 billion for inland and intracoastal waterways. Some of these activities are funded by trust funds, and the request proposes to create separate accounts for the funds.

The Inland Waterway Trust Fund (IWTF) is authorized to contribute 35% to the construction of federally authorized inland and intracoastal waterway projects through FY2031 (after which it reverts to 50%). The IWTF receives collections from a \$0.29 per gallon fuel tax on commercial vessels on designated waterways. The Office of Management and Budget estimates the IWTF balance is to be \$127 million at the end of FY2021, and IWTF receipts and interest in FY2022 are estimated at \$106 million. The FY2021 request would use \$52 million from the IWTF.

The Harbor Maintenance Trust Fund (HMTF) receives the collections from the Harbor Maintenance Tax (HMT), which is applied principally to imported and domestic waterborne cargo at coastal and Great Lakes ports. Congress has authorized the use of HMTF monies for certain coastal navigation and harbor O&M activities. In most years since the early 1990s, annual HMT collections and interest on the HMTF balance exceeded annual spending on HMTF-eligible activities, resulting in an anticipated \$9.2 billion HMTF balance at the end of FY2021. Due to provisions enacted in Section 14003 of P.L. 116-136 and WRDA 2020, use of some HMTF funds no longer counts toward annual budget caps (see CRS In Focus IF11700, *Water Resources Development Act of 2020*). The Administration projects FY2022 HMTF revenues of \$1.97 billion, which would exceed the President's FY2022 request of \$1.63 billion for HMTF-eligible activities.

### Flood Risk and Coastal Storm Damage Reduction

The FY2022 request for flood risk reduction is \$1.72 billion, of which \$1.68 billion is for inland projects (including \$654 million for inland construction projects). The request includes \$37 million for coastal storm damage reduction (with no funding for construction in this amount). Four of the seven new study starts in the budget request are for flood and storm damage reduction, including a Great Lakes Coastal Resiliency study.

### Ecosystem Restoration

For FY2022, President Biden requests \$498 million for USACE ecosystem restoration efforts, of which \$350 million is for Everglades restoration. The budget request

selects Anacostia Watershed Restoration, MD, as a new construction start and would fund construction for Louisiana Coastal Area Ecosystem Restoration for the first time since FY2017.

### Continuing Authorities Programs

President Biden's FY2022 request includes \$4.5 million for four of the nine authorized Continuing Authorities Programs (CAPs). CAPs allow USACE to plan and construct projects of limited scope and cost without further authorization (see CRS In Focus IF11106, *Army Corps of Engineers: Continuing Authorities Programs*).

### Actions to Address Climate Resilience and Disadvantaged Communities

The FY2022 budget includes up to \$105 million in funding related to climate resilience for USACE O&M and project planning and for community technical assistance. The budget also indicates that USACE is examining various programmatic activities to determine whether the activities benefit disadvantaged communities and to better track such expenditures.

### Civil Works Infrastructure Financing Program

In 2014, the Water Infrastructure Finance and Innovation Act (WIFIA; 33 U.S.C. §§3901-3914, as amended) authorized USACE to provide credit assistance, in the form of secured or direct loans, for a range of water resource projects. In FY2021, Congress created a new WIFIA account and funded the program at \$14.2 million. Of this amount, \$12 million was specifically for nonfederal dam owners for dam safety projects and \$2.2 million was for USACE administrative expenses. President Biden's FY2022 request would not fund the WIFIA account; at a May 2021 press conference, the agency explained that USACE continues to work on establishing the USACE's WIFIA program, also named by USACE as the Civil Works Infrastructure Financing Program (see CRS Insight IN11577, *U.S. Army Corps of Engineers Civil Works Infrastructure Financing Program (CWIFP): Status and Issues*).

### American Jobs Plan and USACE Backlog

The FY2022 budget request references USACE activities that are included in the Biden Administration's American Jobs Plan proposed in March 2021. A persistent challenge for USACE is how to address its backlog of \$109 billion (as estimated by USACE in 2021) in USACE construction activities for specifically authorized projects and dam safety modifications. At times, Congress has provided USACE with supplemental appropriations, typically for flood response and recovery but also for economic stimulus and security investments (see CRS In Focus IF11435, *Supplemental Appropriations for Army Corps Flood Response and Recovery*).

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