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Principles, Requirements, and Guidelines (PR&G) for Federal Investments in Water Resources

The Principles, Requirements, and Guidelines (PR&G) for federal water resource investments largely replaced the Principles and Guidelines (P&G) for federal water project evaluations on June 15, 2015. The PR&G direct how federal agencies plan and evaluate federal water resource investments, including studies of both new projects and reinvestment in existing facilities and grant and funding programs. The PR&G are not regulations; they are guidance internal to the executive branch. The PR&G do not supersede requirements established in law. At issue is whether the PR&G reflect how Congress wants agencies to develop and evaluate federal water resource investments. To date, the Trump Administration has not weighed in on the PR&G. The Administration's position on evaluating federal water investments may become known as broad infrastructure investment efforts and efforts to expand the use of public-private partnerships, including for water resources projects, evolve.

Origins of the PR&G

Congress and the Administration guide federal water resource investments. Congressional direction often is related to specific agencies or projects. One exception was the Water Resources Planning Act of 1965 (P.L. 89-80), which attempted coordinated planning of water resources activities. The act created a Water Resources Council (WRC) tasked with establishing principles, standards, and procedures for evaluations of federal water resource projects (42 U.S.C. §1962a-2). After a controversial effort to have the WRC's initial guidance (known as the 1973 "Principles and Standards") become enforceable rules, the WRC under the Reagan Administration issued the P&G in 1983 as nonbinding guidelines.

From 1983 until 2014, the P&G provided the framework for evaluating federal water resource projects. Congress in the Water Resources Development Act of 2007 (WRDA 2007; P.L. 110-114) directed an update of the 1983 P&G for use by the Army Corps of Engineers (Corps). WRDA 2007 required that the update address advancements in economic and analytic techniques; public safety; low-income communities; nonstructural solutions; and integrated, adaptive, and watershed approaches.

Moving from 1983 P&G to PR&G

Table 1 summarizes the update process, which spanned the George W. Bush and Obama Administrations. In 2009, the Obama Administration announced that it was updating the P&G government-wide, rather than only for the Corps. During the PR&G development, the focus shifted from federal water project studies to federal water investments. Eight Cabinet secretaries were convened as the WRC (which has been without appropriations since 1983) for the purpose of approving PR&G documents.

Table 2 compares the PR&G and the 1983 P&G. A significant difference is the PR&G's application to a wider set of federal agencies and actions. The PR&G also provides more flexibility to agencies to develop, and to decisionmakers to select, alternatives with trade-offs among economic, environmental, and social goals.

Public comments on the PR&G varied. Traditional beneficiaries of federal projects often were critical, whereas environmental groups and supporters of broader social considerations generally favored the PR&G. Favorable comments included support for the combined economic and environmental federal objective; more holistic and flexible federal agency responses; consideration of nonmonetary costs and benefits; and greater attention to local priorities and nonstructural or green alternatives. Common critical comments were overreach in the inclusion of additional federal entities (e.g., Federal Emergency Management Agency [FEMA], Department of Commerce [DOC]) and activities (e.g., programs, plans, operations); concerns with the clarity of the federal investment selection criteria; impact of the broadened selection discretion on decisionmaking and project timelines; and dilution of federal funds through selection of alternatives less focused on economic development and infrastructure investment.

Table 1. Milestones in PR&G Development

Date	Milestone
09/12/08	<i>Federal Register</i> (FR) notice of Corps draft Principles
07/01/09	FR notice that the Obama Administration was considering government-wide planning standards
12/09/09	FR notice of the draft Principles and Standards
03/27/13	FR publication of the reframed and final Principles and Requirements for federal investments and draft Interagency Guidelines
12/24/14	FR publication of final Interagency Guidelines

Source: CRS.

Implementation of the PR&G

Agencies subject to the PR&G (see **Table 2**) are responsible for developing agency-specific procedures for implementation and documenting whether existing processes are "equivalent pathways" to the PR&G. Agencies are to consult with the Office of Management and Budget and the Council on Environmental Quality regarding their procedures and alternative pathways.

In November 2015, the Department of the Interior (DOI) released its Department Manual for PR&G implementation. DOI may be positioned to implement the PR&G for new water projects and federal investments in nonfederal projects by the Bureau of Reclamation and other DOI agencies (e.g., Bureau of Indian Affairs), including investments pursuant to P.L. 114-322, Water Infrastructure Improvements for the Nation Act (WIIN). The U.S. Department of Agriculture (USDA) appears to be minimally impacted by the PR&G due to a number of

factors (e.g., reduced funding for affected programs, exclusions from the PR&G in law, and existing equivalent pathways for PR&G compliance). For the Corps, the most recent congressional direction was in the explanatory statement accompanying the Consolidated Appropriations Act for FY2016 (P.L. 114-113); it expressed concerns that the update “did not proceed consistent with the language or intent” of WRDA 2007 and prohibited the use of Corps funding for development or implementation of documents to support PR&G implementation.

Table 2. Comparison of Selected Aspects of 1983 P&G and PR&G

	1983 P&G	PR&G
Affected Federal Entities	Corps; Tennessee Valley Authority (TVA); DOI's Bureau of Reclamation; USDA's Natural Resources Conservation Service	Corps; TVA; DOI; USDA; DOC; Environmental Protection Agency; FEMA (Congress has provided direction on application of the PR&G to Corps and selected USDA activities.)
Scope of Application	Studies: Planning and evaluation of alternative plans by four federal agencies in the formulation and evaluation of water and related land resources implementation studies. (Regulatory actions, research, monitoring, and emergency actions were by default outside the P&G given its focus on studies.)	Investments: Water resource investments, including projects, plans, and programs that the federal government undertakes whose purposes either directly or indirectly alter water quantity, quality, ecosystems, or related land management. (Regulatory, research, monitoring, and emergency actions are outside the scope of the PR&G.)
Activity Types and Suggested Threshold Criteria for Analysis	Project Evaluations: Implementation studies that are pre- or post-authorization project formulation or evaluation studies undertaken or assisted by four specified federal agencies. P&G generally are applicable to eligible implementation studies, with no explicit cutoffs or exclusions provided. (There is no option for scaled analysis.)	Projects: New, existing facility modifications or replacement, or changed operations. <\$10 million (M) are excluded; between \$10M and \$20M have scaled analyses; >\$20M have full analyses Plans: Studies or plans for potential new actions, management plans for federal lands, and operational plans for existing federal water resource infrastructure <\$10M are excluded; between \$10M and \$50M have scaled analyses; >\$50M have full analyses Programs: Grant or funding programs. Grant programs typically would use tiered programmatic analyses. Funding programs (e.g., state revolving funds) would use retrospective analyses. Grouped analyses may be used for similar actions that individually do not have consequential effects. <\$50M are excluded; between \$50M and \$100M have scaled analyses; >\$100M have full analyses
Federal Objective	The objective is to contribute to national economic development (NED) consistent with protecting the nation's environment. Contributions to NED are increases in the net value of the national output of goods and services, expressed in monetary units. Contributions to NED include net value of goods and services that are marketed and also those that are not marketed. (Environmental, regional, and social effects that may inform trade-offs and alternative plans are documented in accounts other than the NED account.)	Federal investment should strive to maximize public benefits, with appropriate cost considerations. Public benefits encompass environmental, economic, and social goals and include monetary and nonmonetary effects and quantified and unquantified measures. No hierarchy exists among these three goals and, as a result, trade-offs among alternatives are assessed.
Decision Criteria	Plan with greatest net economic benefit consistent with protecting the environment (the NED plan) is selected unless the secretary of a department or head of an independent agency grants an exception. Plan selection is made by the agency decisionmaker for federal and federally assisted plans.	Agencies should strive to maximize public benefits relative to public costs, using applicable selection criteria. Selection criteria are to be identified in agency-specific procedures, reflect agency-specific legal requirements (in statutes or regulations), and conform with the PR&G. The PR&G do not specify the decisionmaker for selecting the preferred federal investment alternative.

Source: CRS.

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