

March 1, 2013

Subject: Will Sequestrations Hit Local Sponsor Funds for Water Projects

Here is an interesting sidelight to the sequester issue which came to light this week. The issue is whether federal match funding provided by local sponsors for water projects is also subject to the sequester. We expect that a number of WESTCAS members have sizable amounts of money committed to local matches in support of Federal projects for the Corps, the Bureau, and other agencies.

Your immediate response might be "heck no." That's our money." But please read on concerning this exchange on February 27 between the House Energy and Water Appropriations Committee and the Corps of Engineers.

Frelinghuysen: Energy and Water Appropriations Subcommittee Chair Rodney Frelinghuysen.

Darcy: Assistant Secretary of the Army for Civil Works Jo Ellen Darcy.

Bostick: Lt. General Thomas Bostick, Chief of Engineers, Army Corps of Engineers.

[Please remember that the material below is from a word for word transcript of the hearing and represents a conversation rather than prepared speeches on the part of the participants.]

Frelinghuysen: "The Office of Management and Budgets' report pursuant to their Sequester Transparency Act of last fall seems to indicate that non-federal funds provided to the Corps as a Corps' share required for federal projects would somehow be subject to the sequester. Is that true?"

Darcy: "Yes Sir."

Frelinghuysen: "That's rather bizarre. So, if it is, how could that possibly be the case when those local funds are not included within the budget authority provided by the Congress?"

Darcy: "It's been that interpretation of the law that federal-non-federal funds were--are subject to the sequester was--will be applied across the entire executive branch. So it's not just the Corps of Engineers non federal funds. It's any non-federal funds.

Frelinghuysen: "So what's the reasoning here?"

Darcy: "They are subject to the Budget Act the same as any other funds."

Lt. General Bostick: "I think that part of the thought is that, you know, we're going to sequester the federal funds and that a crossier type approach that the non-federal funds--if you don't have

the federal funds, then you can't have non-federal funds to crossier. But these non-federal funds would come back at the end of the fiscal year. It's--we would not spend them. They'd--they'd just be sequestered but not permanently."

Frelinghuysen: "We'll, I have a degree of discomfort with that. I think it sounds weird and bizarre."

If your agency or your client has local march funds committed to a water project, are you reassured by this back and forth between the Energy and Water Appropriators?

This is just another example of how complex the whole sequester issue is.

We are in the process of trying to secure more information on this issue from our sources in Congress and at the Corps. We will keep you updated with regard to what we learn.

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