



washington dc update

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A Pertinent Example: Earmarks and Alternative Funding Proposals

A recent *Politico* article is very timely in its discussion of alternative federal funding proposals with the earmark ban established by House Rule. As WESTCAS develops an infrastructure funding proposal, it is important to consider several points brought out by the article. I have abbreviated Mr. Snider's excellent article to focus on these several points; the complete article is attached. Earmarks are complex politically but without them projects are not being authorized for funding. A viable proposal is needed to re-engage federal support of critical water infrastructure. I hope that the article and the comments provided will help WESTCAS members in formulating a timely and workable proposal.

Earmarks sail away as ports sink

By: Adam Snider

A massive project widening the Panama Canal will be finished in 2014, meaning larger ships carrying three times the cargo can easily access the East Coast of the U.S. It comes at an important time for U.S. trade — President Barack Obama has laid an ambitious goal of doubling exports in five years.

But only one of the East Coast ports — Virginia's Port of Norfolk — is currently wide and deep enough to accept the new, larger ships.

① With port modernization an integral part of improving U.S. trade balances, **lawmakers are weighing new ways of funding projects** without the earmarks they've come to love. At the same time, a highway and transportation bill pending in the House would increase yearly port spending.

Sen. Lindsey Graham (R-S.C.) is on the front lines of the changing face of port funding: He's looking to help South Carolina's Port of Charleston find \$4.2 million to study expanding its facility.

The port is hugely important, he said, accounting in some way for one in five jobs in the state. ② **He sees the earmark ban as a chance for improvement.**

"Now that we don't earmark, it's an opportunity to replace that system — which has a parochial bent — with something that is more merit-based," Graham told POLITICO.

Graham is pushing to create a ③ **competitive grant program that would judge projects on their merit** — Congress would fund it yearly and the Army Corps of Engineers would have a good pool of projects to draw from, he said. ④ Although his language was included in the Senate's version of an energy and water funding bill, his fight is far from over. That measure was recently pulled from the floor and may come back after Thanksgiving.

Graham said earmarks skewed the debate and distracted from a larger plan. ⑤ "When you do the earmarking, there's no

① Congress is currently considering alternative proposals for funding of critical infrastructure projects. A WESTCAS response would be timely.

② & ⑤ Some like Sen Graham perhaps in an effort to support their alternative funding approach are stating, at least publically, that earmark ban is an opportunity. Should looking out for your Congressional district be considered "parochial" or even a lack of national vision?

③ Competitive grants program has merits but would result in the funding being distributed by the executive branch.

④ Good reason to monitor future of Senate E&W bill and potential opportunity for WESTCAS input



way to have a national vision, because everybody is looking at their own backyard,” he said.

Graham said “Handing over the power of the purse to the executive branch by ending earmarks hasn’t solved anything. “The executive branch is never going to put all the money you need to deal with ports in their budget — they never have,” he said. “So we’re in no-man’s land.”

“I think if you turn all the power over to the executive branch, you’ll have political abuses of another form,” Graham added. “If I voted for Obamacare, I’m sure I would have gotten the Port [of Charleston] deepened, but I’d have been at the bottom of the port.”

With all the disparaging of the executive branch, it’s no surprise that Graham is careful to draw a distinction between his competitive grant proposal and other programs in which the executive branch controls all decisions. His proposal would let the Army Corps of Engineers retain final decision-making authority, and **“some sort of independent commission** could be involved in the process, he said.

The highway bill from House Transportation and Infrastructure Chairman John Mica (R-Fla.) would **“tie port spending to the yearly revenue raised from user fees.** The Harbor Maintenance Trust Fund is sitting on about \$6 billion — raised by a tax on the value of shipped goods — that could be used on port modernization projects. Richardson was an original co-sponsor of a standalone bipartisan bill (H.R. 104) to do the same thing.

Additional funds are sorely needed as ports, just like all other sectors of the economy, have been hit by the recession. “It is an extremely challenging time, financially, for ports,” said AAPA’s Nagle.

“While earmarks might be a thing of the past, they still have their defenders, especially if they’re related to infrastructure.

Nagle said it’s unfair to compare port earmarks to the nefarious ones that overshadowed previous discussions of the issue. Port projects had to go through multiple layers of cost-benefit and other studies before they could be approved for an earmark, Nagle said. “They’re significantly different than the primary target of the earmark debate,” he said.

“A number of members from both parties — such as Richardson and tea party darling Rep. Michele Bachmann (R-Minn.) — have backed the merit of some transportation earmarks. “When you look at how we handled them, except for a few obviously inappropriate directives, for the most part I think members dealt with that in a very responsible way,” Richardson said.

6 An unintended consequence of the ‘earmark ban’?

7 As with Infrastructure Banks, these sorts of details are important. As we have discussed, “once you cross the bridge, it is difficult to return.”

8 Note Chairman Mica’s proposal—are there parallels for water infrastructure funding?

9 The Port folks arguments are very similar (identical) to the water supply infrastructure argument.

10 Note defenders of ‘responsible earmarks’; also, note that they refer to ‘transportation’ and not water infrastructure per se.

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