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Everglades Restoration: The Federal Role in Funding

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Summary

In 2000, Congress approved a 30-year restoration plan, termed the Comprehensive Everglades Restoration Plan (CERP), for the Everglades ecosystem in southern Florida, and authorized an initial set of projects at a cost of \$1.4 billion. Implementing the plan is estimated to cost \$10.9 billion; the federal government is expected to pay half that, with an array of state, tribal, and local agencies paying the other half. In addition to the activities under CERP, other federal and state efforts also are contributing to Everglades restoration. As of FY2006, all of these efforts combined (CERP and non-CERP activities) represent an investment of approximately \$3.6 billion in state funds and \$2.5 billion in federal funds since FY1993. The debate and resolution of issues surrounding the authorization and appropriations for Everglades restoration projects could have implications for large-scale restoration initiatives elsewhere. Consequently, Everglades funding receives attention not only from those interested in Everglades restoration, but also from stakeholders of other restoration initiatives such as those in coastal Louisiana, the Great Lakes, and Chesapeake Bay. This report provides information on federal appropriations for Everglades restoration, and discusses some issues related to the authorization and appropriations for restoration projects. It will be updated biannually.

Introduction

The Florida Everglades are a unique network of subtropical wetlands that is now half its original size. The federal government has had a long history of involvement in the Everglades, beginning in the 1940s with the U.S. Army Corps of Engineers (Corps) constructing flood control projects that shunted water away from the Everglades. Many factors, including these flood control projects and agricultural and urban development, have contributed the shrinking and altering of the wetlands ecosystem. Federal agencies began ecosystem restoration activities in the Everglades more than 15 years ago, but it was not until 2000 that the majority of restoration activities became coordinated under an

integrated plan. With the Water Resources Development Act of 2000 (WRDA 2000; P.L. 106-541), Congress approved the Comprehensive Everglades Restoration Plan (CERP) as a framework for Everglades restoration and authorized \$700 million for the federal share of appropriations for initial projects. According to the process established in WRDA 2000, additional Everglades projects are to be presented to Congress for authorization as their planning is completed. Once authorized, the projects will be eligible to receive federal appropriations.

Restoring the Everglades is the largest investment in ecosystem restoration authorized by Congress to date. Thus, stakeholders in other large-scale restoration initiatives look to the Everglades as a model and a test case. Some believe the types of activities funded and the level and conditions of funding for the Everglades may set a precedent for other restoration initiatives. This report summarizes the process, history, and current funding of Everglades restoration.

CERP Authorizations

CERP focuses on increasing storage of excess water in the rainy season to provide more water during the dry season for the ecosystem, and for urban and agricultural users. CERP will take more than 30 years and \$10.9 billion (approximately \$5.5 billion in federal funds) to complete.¹ WRDA 2000 authorized initial projects, established cost-sharing ratios for Everglades restoration, and created a process for additional projects to be authorized as part of the CERP framework. The federal government is expected to pay half of CERP's costs, and an array of state, tribal, and local agencies (i.e., nonfederal sponsors) the other half. This cost share also applies to all project operation and maintenance costs. Construction authorization for the first two projects developed since CERP's 2000 — Indian River Lagoon-South (IRL-S) wetlands and estuarine restoration (\$1.2 billion), and the Picayune Strand ecosystem restoration (\$363 million) — is included in pending WRDA legislation.²

Everglades Restoration Appropriations

Although authorizations for CERP construction are expected to occur primarily through WRDAs (which are the main legislative vehicle for Corps authorization), federal appropriations for CERP and non-CERP³ activities are spread across several federal

¹ This figure represents the cost in Oct. 2004 dollars according to the U.S. Army Corps of Engineers, *Comprehensive Everglades Restoration Plan, 2005 Report to Congress* (Washington, DC: Dec. 2005).

² For information on the status of WRDA legislation, see CRS Issue Brief IB10133, *Water Resources Development Act (WRDA): Army Corps of Engineers Authorization Issues in the 109th Congress*, coordinated by Nicole T. Carter.

³ Everglades restoration not conducted under the authority of CERP is referred to as non-CERP activities or programs. For example, non-CERP activities would include the Everglades National (continued...)

agencies. The South Florida Ecosystem Restoration Task Force in an annual cross-cut budget organizes data on past and current state and federal restoration appropriations, and requests for future appropriations.⁴ Federal funding for Everglades restoration is largely concentrated in two appropriations bills — the Interior and Related Agencies appropriations bill and the Energy and Water Development appropriations bill. The Interior and Related Agencies appropriations laws provide funds for restoration projects to several Department of the Interior (DOI) agencies, including the National Park Service (NPS), Fish and Wildlife Service (FWS), U.S. Geological Survey, and Bureau of Indian Affairs. Everglades restoration appropriations in the Energy and Water Development appropriations bill are for the Corps. Smaller amounts of restoration funding have been spread across other appropriations bills for use by a diverse set of agencies, including the National Oceanic and Atmospheric Administration (Commerce, Justice, and State, the Judiciary, and Related Agencies appropriations), U.S. Environmental Protection Agency (VA, HUD, and Related Agencies appropriations), and U.S. Department of Agriculture (U.S. Department of Agriculture and Related Agencies appropriations).

DOI Funding. Interior and Related Agencies appropriations laws and conference reports typically do not specify appropriations levels for many Everglades restoration activities. Rather, the Administration's budget request identifies restoration funding totals for the previous fiscal year. For FY2006, the DOI was appropriated \$84.0 million for CERP and non-CERP restoration activities (P.L. 109-54), \$0.5 million more than requested, and \$18.5 million more than the FY2005 enacted level.⁵ Most of the increase is for construction of the Modified Water Deliveries project (Mod Waters), which went from \$8.0 million in FY2005 to \$25.0 million in FY2006. Further, under P.L. 109-54, funds provided for the construction of Mod Waters will not be available if matching funds appropriated to the Corps become unavailable for implementing Mod Waters.

FY2006 appropriations law contains a provision that conditions funding for some restoration activities on a report of phosphorus concentrations in waters entering the Everglades.⁶ The provision states that funds appropriated in the FY2006 Interior Appropriations Act and any prior acts for the Mod Waters will be provided *unless* administrators of four federal departments/agencies (Secretary of the Interior, Secretary of the Army, Administrator of the EPA, and the Attorney General) indicate in a joint annual report that water entering the Arthur R. Marshall Loxahatchee National Wildlife Refuge and Everglades National Park does not meet state water quality standards, and the House and Senate Committees on Appropriations respond in writing disapproving the further expenditure of funds.⁷

³ (...continued)

Park maintenance and critical ecosystem studies done by the National Park Service.

⁴ See [<http://www.sfrestore.org/documents/index.html>], accessed Jan. 26, 2006, for a list of Everglades crosscut budgets from FY1993 to FY2005.

⁵ For detailed program information under DOI appropriations for the Everglades, see CRS Report RL32893, *Interior and Related Agencies: Appropriations for FY2006*, coordinated by Carol Hardy-Vincent and Susan Boren.

⁶ This provision was initially enacted in the FY2004 Interior appropriations law (P.L. 108-108).

⁷ These provisions stem from concerns regarding a Florida state law, enacted on May 20, 2003, (continued...)

Table 1. DOI Everglades Restoration Funds, FY2004-FY2006
(\$ in thousands)

Agencies with Everglades Restoration Funds	FY2004	FY2005	FY2006
National Park Service	44,329	45,116	n/a
Fish and Wildlife Service	16,342	12,075	n/a
U.S. Geological Survey	7,847	7,738	n/a
Bureau of Indian Affairs	539	536	n/a
CERP Funding ^a	[8,772]	[8,517]	n/a
Total Appropriations	69,057	65,465	84,000

Source: DOI, FY2006, *The Interior Budget in Brief* (Washington, Feb. 2005), P.L. 108-447, P.L. 109-54.

^aThis CERP funding was appropriated to NPS and FWS, so it is only accounted for once in calculating the total DOI Everglades appropriation. n/a = not available.

Corps Funding. The enacted Energy and Water Development Appropriations for FY2006 (P.L. 109-103) included \$139.0 million for Everglades restoration activities. This was \$23.7 million above the FY2005 level of \$115.3 million and \$2.0 million above the FY2006 request. (See **Table 2.**) One reason for the increased level of Everglades appropriations in the Corps FY2006 budget was the inclusion of \$35 million for Mod Waters funding; previously, the project had been solely funded through Department of the Interior appropriations. For detailed program information, see CRS Report RL32852, *Energy and Water Development: Appropriations for FY2006*, by Carl Behrens.

Table 2. Corps Everglades Restoration Funds, FY2004-FY2006
(\$ in thousands)

Activities for Everglades Restoration	FY2004	FY2005	FY2006
Central and South Florida Project	105,000	69,400	77,000
Everglades and South Florida Ecosystem Restoration	14,800	25,792	12,000
Kissimmee River Restoration	17,700	17,856	13,000
Florida Keys Water Quality Improvement	0	2,232	2,000
South Florida Everglades Ecosystem Restoration	n.a.	n.a.	---
Modified Water Deliveries Project	n.a.	n.a.	35,000
CERP funding ^a	[39,063]	[67,000]	n/a
Total	137,500	115,280	139,000

Source: P.L. 108-137 (FY2004 Energy and Water Appropriations Act), P.L. 108-447 (FY2005 Consolidated Appropriations Act), and P.L. 109-103 (FY2006 Energy and Water Development Act)

n.a. = not applicable. n/a = not available.

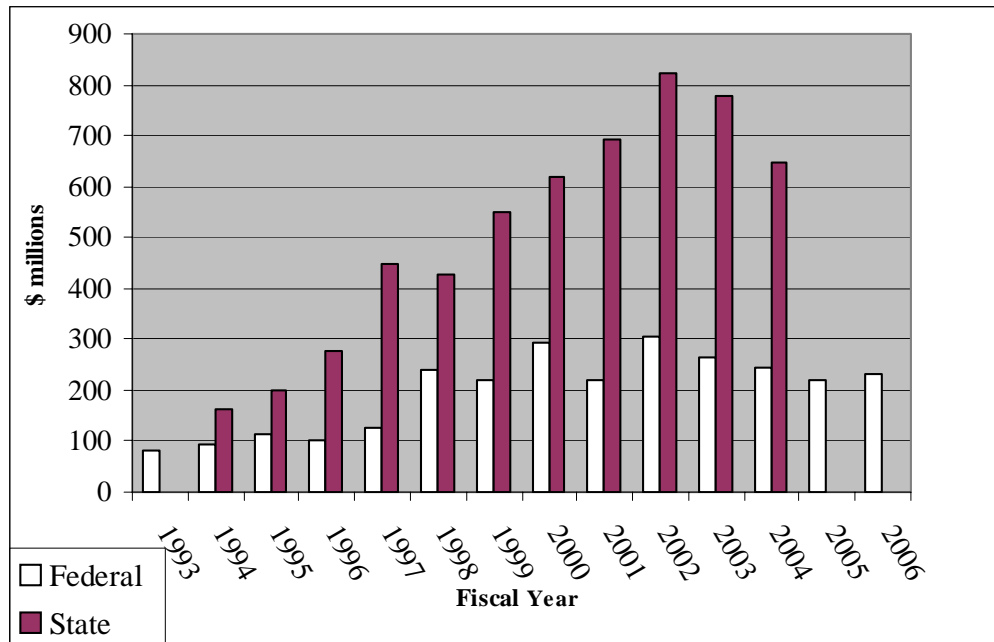
^a CERP funding is a subset of the funds that are used for Everglades restoration activities. For FY2006, funding for CERP will be under the Central and South Florida Project.

⁷ (...continued)

that amended the Everglades Forever Act of 1994 (Florida Statutes §373.4592) that authorizes a new plan to mitigate phosphorus pollution in the Everglades. High levels of phosphorus are a primary cause of ecosystem alteration in the Everglades.^b

Funding History: FY1993-FY2006. Federal and state funding for restoration activities in the Everglades ecosystem was provided for several years before CERP's congressional approval. Funding (CERP and non-CERP activities) for Everglades restoration activities by the state of Florida has exceeded federal funding every year since 1994. From FY1993 to FY2006, federal appropriations for restoration activities in the Everglades ecosystem were about \$2.5 billion dollars; state funding topped \$3.6 billion.

Figure 1. Federal and State Funding for Everglades Restoration, FY1993-FY2006 (CERP and Non-CERP Activities)



Source: The South Florida Ecosystem Restoration Program, *Fiscal Year 2000 and 2005 Crosscut Budget* (Miami, FL: 2000 and 2005) and various appropriations laws. For FY1993, FY2005, and FY2006, state funding data was not available.

From FY1993 to FY2000, average federal funding for restoration activities was about \$159 million annually. After the enactment of WRDA 2000, both federal and state funding increased, peaking in FY2002 at over \$800 million. From FY2001 to FY2006, average annual federal funding was about \$254 million, an increase of approximately \$100 million from earlier funding levels.

As previously noted, CERP funding is a subset of all Everglades funding. Florida has primarily invested its CERP funds to acquire land and to plan and design restoration projects. Because the federal government is not responsible for land acquisition under CERP, much of the federal funding appropriated under CERP has been for planning and feasibility studies for restoration projects. For example from FY2001 to FY2004, Florida provided a total of approximately \$803 million for CERP activities, while the federal government provided about \$155 million. Although some argue that this disparity in funding violates the 50-50 cost share, the cost share agreement in WRDA 2000 is interpreted by others to apply to the overall CERP effort, not annually nor for each project. This allows for state-federal funding disparities among some projects and for a given project during its various phases.

Implementation Issues Related to Funding

Key Everglades funding issues during the 109th Congress include the level of funding for restoration activities, the authorization of new CERP projects, and the role of the state and federal government in setting restoration priorities. Funding issues in the Everglades are of interest to stakeholders representing large-scale ecosystem restoration initiatives throughout the country. The expense of other large-scale restoration initiatives, such as in the coastal Louisiana (estimated \$14 billion), Great Lakes (estimated \$20 billion) and Chesapeake Bay (estimated \$15 billion), is often compared to the cost of Everglades restoration. These comparisons, however, often do not distinguish among the differences in federal roles, responsibilities, and cost shares for each of these efforts.

A funding issue receiving broad attention is the level of commitment by the federal government in the Everglades. Some observers measure commitment by the frequency and number of projects authorized under CERP, and the appropriations they receive. Because no restoration projects have been authorized since WRDA 2000, these observers are concerned that federal commitment to CERP implementation is waning. Others are waiting to gauge federal commitment by the provision of construction funding as the first projects break ground in the next few years. Some state and federal officials argue that federal funding will increase as CERP projects move beyond design, into construction.⁸

Another issue is the role of the state in prioritizing restoration projects. The current dominance of state funds has generated some concern that the state of Florida is defining which Everglades projects proceed.⁹ Some contend that state priorities may not be in the federal interest; others argue that these concerns are unfounded because state funding is a reflection of the state's financial responsibility for acquiring land early in the restoration process. This concern was heightened when the state announced a program, *Acceler8*, that aims to accelerate the state's portion of funding, design, and construction of eight CERP projects. Most of the projects are for constructing reservoirs to collect excess water and maintain flood control; others are for restoring habitat. By fast-tracking these projects, the state contends that Everglades restoration benefits will be realized sooner and flood control and water conservation will function better. These projects require congressional authorization before they can receive federal construction funding.

Implementation of Everglades restoration continues to evolve as some of the initial projects move into construction and a second set of projects seek congressional authorization. Supporters of the Everglades restoration effort and of other large-scale restoration efforts in other parts of the country are watching to see if the federal financial commitment keeps pace with congressional authorization, the timeline outlined in CERP, and the financial investments by the State of Florida.

⁸ Curtis Morgan, "Money Gap in Everglades Restoration Plan Raises Concerns," *Miami Herald*, Jan. 14, 2005.

⁹ Editorial, "Two Bushes and the Everglades," *New York Times*, Nov. 10, 2004.