



# 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, following years in development (see **Table 1**). 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 themselves are not regulations; they are guidance internal to the executive branch. The PR&G do not supersede requirements established in law.

Agencies subject to the PR&G (see **Table 2**) are responsible for developing agency-specific procedures (ASPs) for implementation and documenting whether existing processes are “equivalent pathways” to the PR&G. Some agencies developed internal documents, such as the 2018 Federal Emergency Management Agency (FEMA) instruction, 2017 U.S. Department of Agriculture (USDA) departmental manual, and the 2015 U.S. Department of the Interior (DOI) departmental handbook. The U.S. Army Corps of Engineers (USACE) initiated a rulemaking for its ASP in February 2024. The Army chose to pursue rulemaking in order to “provide codified direction for the [USACE] project planning process.” At issue is whether the PR&G and the ASPs reflect how Congress wants agencies to develop and evaluate federal water resource investments.

## 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 2015, the P&G provided the framework for evaluating federal water resource projects. Congress in the Water Resources Development Act of 2007 (P.L. 110-114) directed an update of the 1983 P&G for use by the USACE. The act 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 USACE. 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. The PR&G apply to a wider set of federal agencies and actions. The PR&G also provide more flexibility to agencies to develop, and to decisionmakers to select, alternatives with trade-offs among economic, environmental, and social goals. Also under the PR&G, the level of analyses adjusts to be commensurate with the scale, impacts, costs, scientific complexities, uncertainties, risks, and other sensitivities involved in potential decisions. A *standard analysis*, which is the full application of the PR&G, is meant to evaluate all relevant benefits and costs. A *scaled analysis* may include fewer alternatives and use a more streamlined formulation process and justification process, while adhering to the PR&G.

Public comments on the PR&G varied. 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 environmentally focused alternatives. Common critical comments were overreach in the inclusion of additional federal entities and activities; 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	Federal Register (FR) notice of USACE 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 notice of the reframed and final Principles and Requirements for federal investments and draft Interagency Guidelines
12/24/14	FR notice of final Interagency Guidelines

Source: CRS.

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

	1983 P&G	PR&G
<b>Affected Federal Entities</b>	U.S. Army Corps of Engineers (USACE); Tennessee Valley Authority (TVA); Bureau of Reclamation of the Department of the Interior (DOI); Natural Resources Conservation Service (NRCS) of the U.S. Department of Agriculture (USDA).	USACE; TVA; DOI (all bureaus and offices making federal investments in water resources, according to 2015 departmental handbook); USDA (NRCS, Farm Service Agency, Forest Service, and Rural Utilities Service, according to 2017 departmental manual); Department of Commerce; Environmental Protection Agency; Federal Emergency Management Agency.
<b>Scope of Application</b>	<b>Studies:</b> Planning and evaluation of alternative plans by four federal agencies in the formulation and evaluation of water and related land resources implementation studies. (Regulatory, research, monitoring, and emergency actions were not covered by the P&G.)	<b>Investments:</b> 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.)
<b>Activity Types and Suggested Threshold Criteria for Analysis</b>	<b>Project Evaluations:</b> Implementation studies that are pre- or post-authorization project formulation or evaluation studies undertaken or assisted by four federal agencies. P&G generally are applicable to eligible implementation studies, with no explicit cutoffs or exclusions provided. (All projects are subject to the same evaluation/level of analysis; no formal option for a scaled analysis.)	<b>Projects:</b> New, existing facility modifications or replacement, or changed operations. <\$10 million (M) are excluded; from \$10M to \$20M have scaled analyses; >\$20M have standard analyses. <b>Plans:</b> Studies or plans for potential new actions, management plans, and operational plans for existing federal water resource infrastructure. <\$10M are excluded; from \$10M to \$50M have scaled analyses; >\$50M have standard analyses. <b>Programs:</b> Grant programs typically would use tiered <i>programmatic analyses</i> (i.e., analysis of typical projects within a program to understand how they perform with respect to the PR&G). Funding programs (e.g., state revolving funds) would use retrospective analyses (i.e., periodic reviews of a collection of funded projects to assess their performance with respect to the PR&G). <\$50M are excluded; from \$50M to \$100M have scaled analyses; >\$100M have standard analyses.
<b>Federal Objective</b>	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.
<b>Decision Criteria</b>	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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IF10221

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