

INFRASTRUCTURE INVESTMENT AND JOBS ACT



IIJA – Emergency Watershed Protection Program – Informational Report

10801-0001-23 – January 2024

Congress established the Emergency Watershed Protection Program (EWPP) to help safeguard individuals and property endangered by natural disasters.¹ The program was designed to relieve imminent hazards to life and property caused by a watershed emergency² such as flooding and erosion; see the Key Definition callout to the right. As part of the Office of Inspector General’s oversight responsibility, we are issuing this informational report to provide general program information.

A natural disaster may include the following types of events as shown in Figure 1 below:



Figure 1: Types of natural disasters.



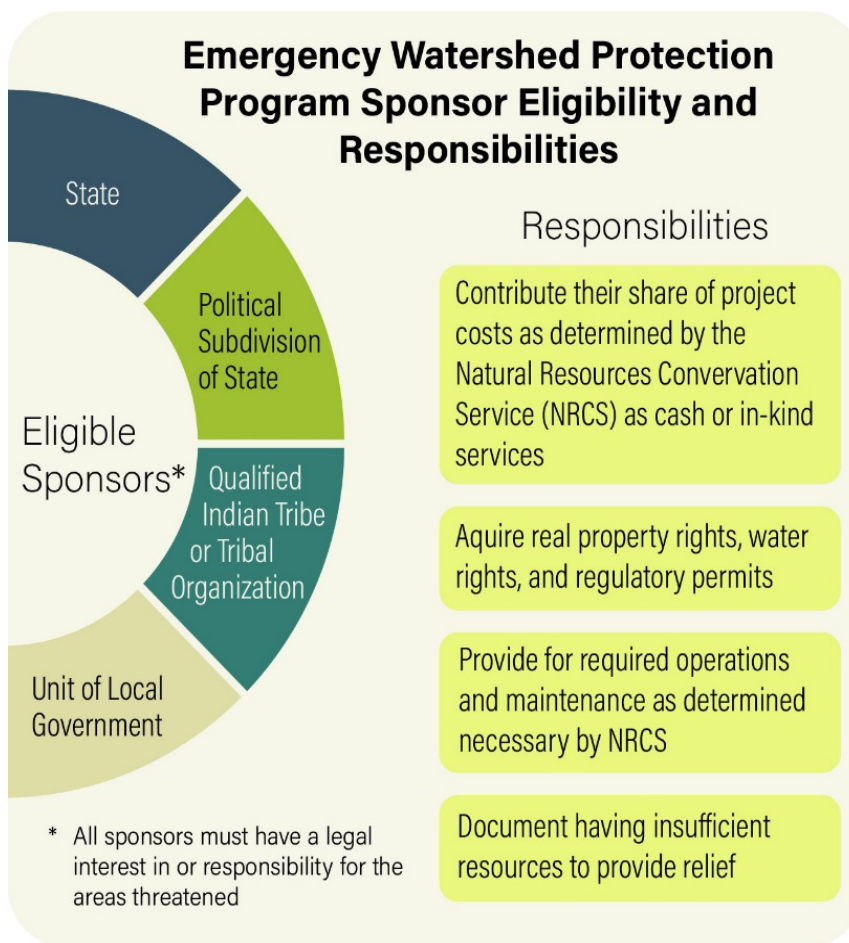
KEY DEFINITION: WATERSHED EMERGENCY

Adverse impacts to resources exist when a natural occurrence causes a sudden impairment of a watershed and creates an imminent threat to life or property.

- (1) Watershed impairment means the situation that exists when the ability of a watershed to carry out its natural functions is reduced to the point where an imminent threat to health, life, or property is created.
- (2) Imminent threat means a substantial natural occurrence that could cause significant damage to property or threaten human life in the near future.
- (3) Property is defined as any artificial structure permanently affixed to the land such as, but not limited to, houses, buildings, roads, utilities, structures, and dams.

¹ EWPP is authorized by Pub. L. No. 81-516, § 216 (codified at 33 U.S.C. § 701b-1). Also, see Title IV of the Agricultural Credit Act of 1978, Pub. L. No. 95-334, § 403, as amended by the Federal Agriculture Improvement and Reform Act of 1996, Pub. L. No. 104-127, § 382 (codified at 16 U.S.C. § 2204). The National Resources Conservation Service (NRCS) regulations implementing EWPP are set forth in 7 C.F.R. Part 624 and 654.

² According to program guidance, “a watershed area may comprise the land and water of two or more minor drainageways that are separate tributaries to a stream, artificial waterway, lake, or tidal area.” USDA NRCS, *National Watershed Manual*, Part 506, Subpart E: Glossary and Acronyms (Jan. 2015).



EWPP provides technical and financial assistance to sponsors, landowners, and operators in the implementation of emergency recovery measures for runoff retardation and erosion prevention to relieve imminent hazards to life and property created by a natural disaster that causes a sudden impairment of a watershed. Figure 2 identifies the types of eligible sponsors and their responsibilities.

Figure 2: EWPP Sponsor Eligibility and Responsibilities.

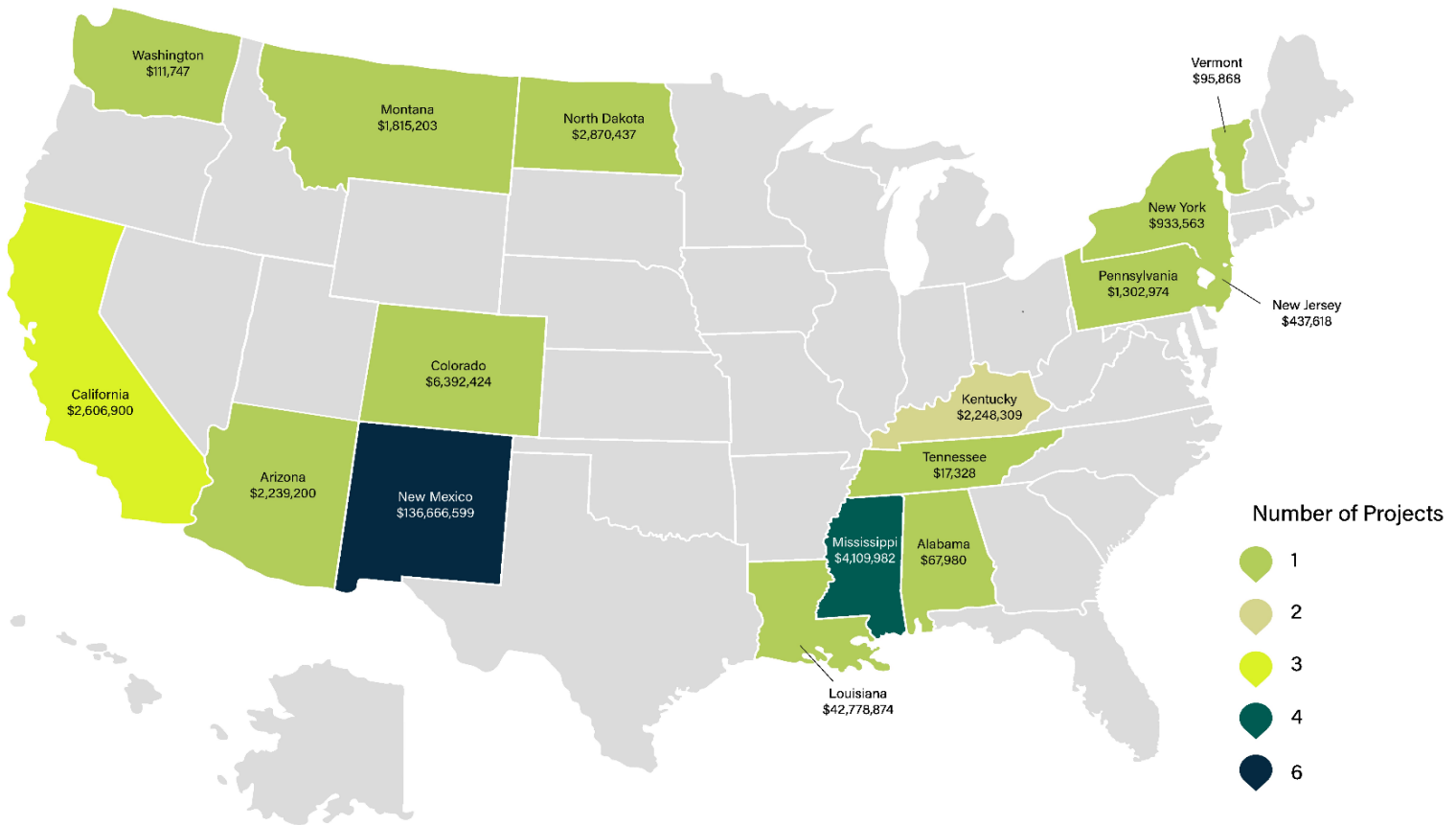
Figure 3 depicts two examples of implemented watershed recovery measures.



Figure 3: (Left) Emergency response (streambank stabilization). Photo from NRCS Alaska's Flickr account. (Right) Barriers used for wildfire recovery. Photo from NRCS New Mexico's Flickr account. The photos do not depict any particular audit, inspection, or investigation.

The Infrastructure Investment and Jobs Act (IIJA) appropriated \$300 million to EWPP, to remain available until expended.^{3,4} The allocation of IIJA funds was intended for repairing damages to waterways and watersheds resulting from natural disasters. According to NRCS officials, more than \$204.6 million in IIJA funds were obligated for 25 projects⁵ as of September 30, 2023. (See Figure 4 for the dollar amounts obligated per State)⁶

Total Infrastructure Investment and Jobs Act Dollar Amounts Obligated to the Emergency Watershed Protection Program, Per State*



* As of September 30, 2023, Kentucky and Mississippi each have one project that has not had obligated funds.

Figure 4: IIJA EWPP funding by State, as of September 30, 2023.

³ Infrastructure Investment and Jobs Act, Pub. L. No. 117-58, 135 Stat. 1350 (2021).

⁴ In addition to IIJA funding, a total of \$275 million was provided to EWPP in 2022 through regular appropriated funds. (Extending Government Funding and Delivering Emergency Assistance Act, Pub. L. No. 117-43, 135 Stat. 357 (2022)).

⁵ There are two approved projects that did not have obligations or disbursements, as of September 30, 2023.

⁶ Approved projects have received disbursements of more than \$166.3 million, as of September 30, 2023.

Limited Resource Area (LRA) Buyout Option

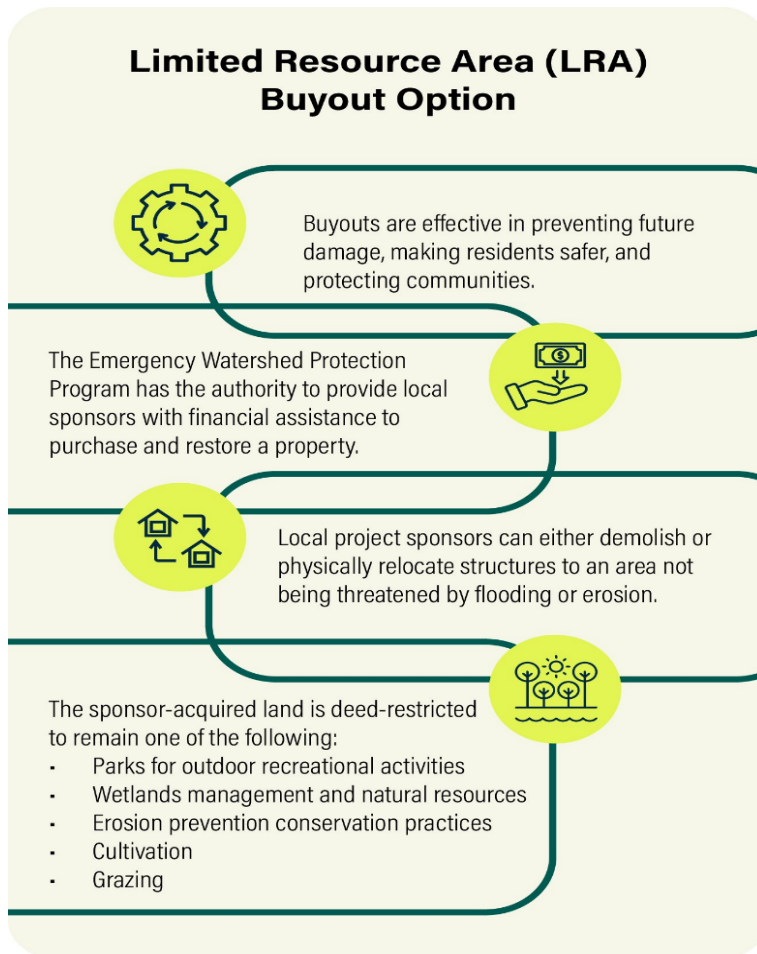


Figure 5: LRA Buyout Option

According to NRCS, a property buyout might be the best solution for flood-prone properties in communities impacted by constant flooding or severe erosion due to a natural disaster. IJJA provided this funding opportunity to communities and potential sponsors in limited resources areas (LRAs). NRCS is prioritizing EWPP funding for LRAs and requested coordination of state and local outreach materials for eligible sponsors be provided to partners, municipalities, and conservations districts about EWPP opportunities. For buyouts in LRA communities being funded by IJJA, NRCS provides sponsors funding for the full fair market value and will fund the relocation and restoration costs of the buyout. Figure 5 depicts specific information on the LRA Buyout Option.⁷

For property to be demolished or relocated, the allocable cost share is the market value of the real property (land and structure if demolition, or just land if relocation) either at the time of sale or immediately prior to the most recent disaster or flood event.

According to NRCS officials, more than \$13.6 million in IJJA funds were approved for the LRA buyout option as of September 30, 2023.

⁷ *Limited resource areas* are defined as a county where (i) housing values are less than 75 percent of the State housing value average; (ii) per capita income is 75 percent or less than the National per capita income, and (iii) unemployment is at least twice the U.S. average over the past three years based upon the annual unemployment figures. (USDA NRCS, *Emergency Watershed Protection Manual*, Section 511.12 (B)(1) (Dec. 2022)).

Recent Review of EWPP

In June 2021, the Office of Inspector General (OIG) published Audit Report 10702-0001-23, *Hurricane Disaster Assistance – Emergency Watershed Protection Program*. The objective of the audit was to evaluate NRCS' controls over EWPP relating to hurricane disaster assistance provided for Hurricanes Harvey, Irma, and Maria.

In the report, OIG found NRCS needed to improve its internal controls in five areas of EWPP (see Figure 6); as a result, we made nine recommendations to NRCS. As of November 1, 2023, the Office of the Chief Financial Officer (OCFO) approved NRCS final action on the nine prior audit recommendations.

We reviewed the documentation NRCS submitted to OCFO requesting final action and determined the corrective actions taken by NRCS met the intent of each of the recommendations. Since IJIA-funded EWPP projects follow the same EWPP program criteria as used in projects funded by regular appropriations, NRCS needs to ensure the internal controls established through the corrective actions of the prior recommendations are maintained.

Objective, Scope, and Methodology

The objective of our inspection was to review and report information on IJIA funds provided to NRCS relative to EWPP for transparency and disclosure. Additionally, we reviewed the documentation that NRCS provided to OCFO to address the recommendations made in a prior audit.⁸ The scope of our work includes information about EWPP from June 2021 through November 2023. We performed our fieldwork virtually from July 2023 through November 2023.

To accomplish our objective, we identified and gained an understanding of EWPP through publicly available information, discussions with NRCS officials, and a review of documentation provided by NRCS. This informational report does not contain any findings or recommendations. We provided a draft of this report to NRCS management for their review and technical comments; no comments were

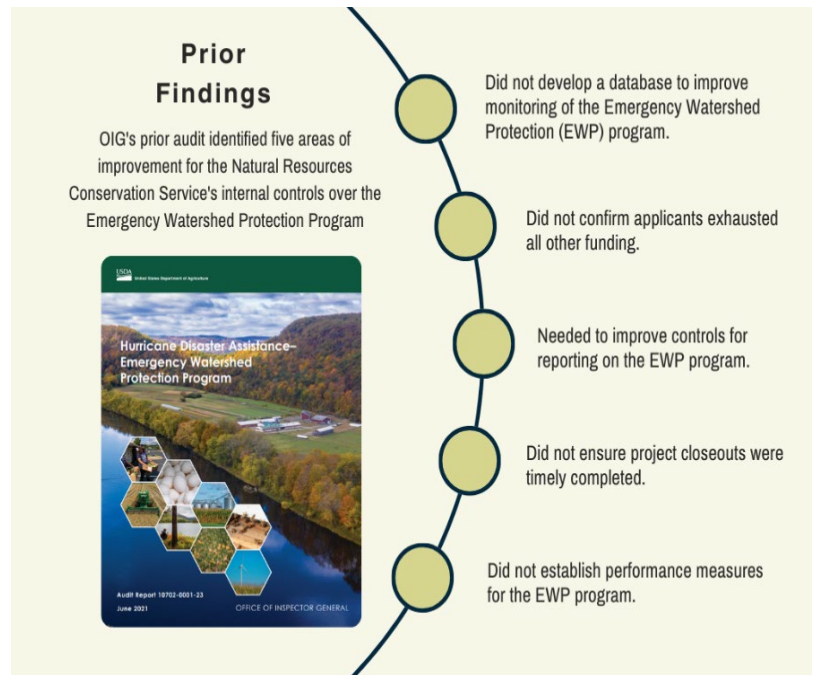


Figure 6: OIG cited five findings in its prior audit report.

⁸ Audit Report 10702-0001-23, *Hurricane Disaster Assistance – Emergency Watershed Protection Program*, June 2021.

provided. We conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.⁹

Banner photo: Watershed and forest treatments. Photo by Lance Cheung from USDA's Flickr account. It does not depict any particular audit, inspection, or investigation.

⁹ Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation* (Dec. 2020).

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