Protect Federal Investments in Water Infrastructure

SUPPORT H.R. 1285 & S. 570

THE SURETY & FIDELITY ASSOCIATION OF AMERICA

This bipartisan legislation ensures payment and performance bonding on infrastructure projects receiving **Water Infrastructure Finance & Innovation Act (WIFIA)** assistance, including public-private partnerships (P3s). These protections safeguard workers, subcontractors, suppliers and taxpayers.

Consistent Bonding Requirements for all WIFIA-Backed Projects

- The Water Infrastructure Subcontractor & Taxpayer Protection Act would modernize the WIFIA Program by ensuring payment and performance bonding protections for all projects backed by the program, including public-private partnerships (P3s).
- The Miller Act requires contractors to furnish payment and performance bonds on public projects over $150,000. However, these requirements are less clearly defined on P3 projects, which involve a mix of public and private funding.
- As P3s become an increasingly popular project delivery method, Congress must pass legislation to ensure workers are paid, the project is completed, and that taxpayer dollars are protected.

Modernize WIFIA to Align with TIFIA

- The Infrastructure Investment & Jobs Act (IIJA) included an amendment defining surety bond requirements for the Transportation Infrastructure Finance & Innovation Act (TIFIA) Program, which passed the Senate 97-0.
- H.R. 1285 and S. 570 would establish the same bonding requirements for WIFIA.
- Specifically, this legislation requires the EPA Administrator or Secretary of the Army, as appropriate, to include payment and performance bonding protections on all construction projects receiving WIFIA funding.
- The Administrator or Secretary must accept state bonding requirements if security (bonding) is required at 50% of the construction costs. This is the minimum standard for large water projects, establishing a baseline for bonding WIFIA-financed projects.

Proven Impact of WIFIA

- Since its inception, the program has closed 138 loans, provided $21 billion in credit assistance, financed $47 billion in water infrastructure projects, and created 155,000 jobs.

Federal funds are at the same risk no matter the construction delivery method

The Economic Value of Surety Bonds by Ernst & Young (EY)

10x Without surety, tens of millions of taxpayer dollars would be lost to project defaults. **Unbonded projects default 2.5–10 times more often** than bonded projects.

Unbonded projects cost 85% more upon default and take at least twice as long to complete.

Bonded projects cost less than unbonded projects, with 75% of public project owners reporting that surety bonding reduces contractor pricing by an average of 3.2%.

Surety bonds provide financial security to suppliers, subcontractors, and workers, ensuring they are paid even if a general contractor defaults.

**All data based on analysis by* EY

1 Executive Summary available at ***https://surety.org/wp-content/uploads/2022/11/EY-SFAA-Report-on-economic-value-of-surety-bonding-ES-2022-FINAL-1.pdf***. Full report available at ***https://surety.org/wp-content/uploads/2022/11/surety_protects_2022_report.pdf***

16 SUPPORTING ORGANIZATIONS

- American Property and Casualty Insurance Association
- American Subcontractor Association
- Business Coalition for Fair Competition
- Council of Insurance Agents and Brokers
- Finishing Contractors Association International
- International Union of Operating Engineers
- Mechanical Contractors Association of America
- National Electrical Contractors Association
- National Association of Minority Contractors
- National Association of Mutual Insurance Companies
- National Association of Surety Bond Producers
- Sheet Metal and Air Conditioning Contractors' National Association
- The Association of Union Constructors
- The Construction Employers of America
- The Surety & Fidelity Association of America
- Women Construction Owners and Executives

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