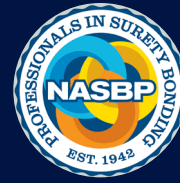


STRENGTHEN WIFIA SUPPORT H.R. 1740 & S. 2928



Surety bonds should be required on water infrastructure construction projects using WIFIA assistance to protect taxpayer dollars, ensure project completion, support economic growth, and protect local small business subcontractors and workers.

Why WIFIA needs to ensure performance and payment protections

- Public private partnerships (P3s) benefiting from WIFIA assistance need adequate bonding requirements. State P3 laws often do not provide the same level of protections required for all other public infrastructure projects.
- Congress supported the need to close a similar loophole for the TIFIA program by including a policy fix, by a unanimous 97-0 Senate vote, in the Infrastructure Investment and Jobs Act. WIFIA should require similar bonding practices as TIFIA.

The government and public have the same interest in completing projects and ensuring payments to local subcontractors and suppliers.

- Construction is a risky business, and for over 90 years, the federal and state Miller Acts have protected against the risk of public loss by requiring payment and performance bonds.
- The risks of the contractor's default, nonpayment to subcontractors and suppliers, and increased completion costs are the same, no matter the construction delivery method.

The solution must require performance and payment bonds to protect the public interest.

- Our proposed solution, H.R. 1740 and S. 2928, developed with stakeholders, including the EPA WIFIA Office, would require the EPA Administrator, or the Secretary of the Army, as appropriate, to ensure construction projects receiving WIFIA assistance use appropriate payment and performance security protections.
- The Administrator or Secretary must accept State bonding requirements if security (bonding) is required at 50% of the construction costs, the industry minimum standard for security for large water projects, setting a minimum floor for bonding WIFIA-financed projects.

Benefits of H.R. 1740 and S. 2928

- The solution ensures parity for protections between traditional project delivery methods and P3 projects utilizing the WIFIA program, and the same protections required in the TIFIA program.
- Bonding does not add to bureaucratic processes or delays in infrastructure development. All the contractors who bid on these large projects already have longstanding bonding programs in place.

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

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

10x Unbonded construction projects are **more likely to default** than bonded projects — by as much as 10 times.*



Nearly five times as many construction leaders report **bonded projects are more likely to be completed on time or ahead of schedule** than unbonded projects.*



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



If a contractor defaults on a bonded project, surety companies intervene, **lowering the cost of project completion by 85% and reducing the time to complete by two times.***

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

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