

Presidential Documents

Title 3—

Executive Order 12893 of January 26, 1994

The President

Principles for Federal Infrastructure Investments

A well-functioning infrastructure is vital to sustained economic growth, to the quality of life in our communities, and to the protection of our environment and natural resources. To develop and maintain its infrastructure facilities, our Nation relies heavily on investments by the Federal Government.

Our Nation will achieve the greatest benefits from its infrastructure facilities if it invests wisely and continually improves the quality and performance of its infrastructure programs. Therefore, by the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. Scope. The principles and plans referred to in this order shall apply to Federal spending for infrastructure programs. For the purposes of this order, Federal spending for infrastructure programs shall include direct spending and grants for transportation, water resources, energy, and environmental protection.

Sec. 2. Principles of Federal Infrastructure Investment.

Each executive department and agency with infrastructure responsibilities (hereinafter referred to collectively as “agencies”) shall develop and implement plans for infrastructure investment and management consistent with the following principles:

(a) *Systematic Analysis of Expected Benefits and Costs.* Infrastructure investments shall be based on systematic analysis of expected benefits and costs, including both quantitative and qualitative measures, in accordance with the following:

(1) Benefits and costs should be quantified and monetized to the maximum extent practicable. All types of benefits and costs, both market and nonmarket, should be considered. To the extent that environmental and other nonmarket benefits and costs can be quantified, they shall be given the same weight as quantifiable market benefits and costs.

(2) Benefits and costs should be measured and appropriately discounted over the full life cycle of each project. Such analysis will enable informed tradeoffs among capital outlays, operating and maintenance costs, and non-monetary costs borne by the public.

(3) When the amount and timing of important benefits and costs are uncertain, analyses shall recognize the uncertainty and address it through appropriate quantitative and qualitative assessments.

(4) Analyses shall compare a comprehensive set of options that include, among other things, managing demand, repairing facilities, and expanding facilities.

(5) Analyses should consider not only quantifiable measures of benefits and costs, but also qualitative measures reflecting values that are not readily quantified.

(b) *Efficient Management.* Infrastructure shall be managed efficiently in accordance with the following:

(1) The efficient use of infrastructure depends not only on physical design features, but also on operational practices. To improve these practices,

agencies should conduct periodic reviews of the operation and maintenance of existing facilities.

(2) Agencies should use these reviews to consider a variety of management practices that can improve the return from infrastructure investments. Examples include contracting practices that reward quality and innovation, and design standards that incorporate new technologies and construction techniques.

(3) Agencies also should use these reviews to identify the demand for different levels of infrastructure services. Since efficient levels of service can often best be achieved by properly pricing infrastructure, the Federal Government—through its direct investments, grants, and regulations—should promote consideration of market-based mechanisms for managing infrastructure.

(c) *Private Sector Participation.* Agencies shall seek private sector participation in infrastructure investment and management. Innovative public-private initiatives can bring about greater private sector participation in the ownership, financing, construction, and operation of the infrastructure programs referred to in section 1 of this order. Consistent with the public interest, agencies should work with State and local entities to minimize legal and regulatory barriers to private sector participation in the provision of infrastructure facilities and services.

(d) *Encouragement of More Effective State and Local Programs.* To promote the efficient use of Federal infrastructure funds, agencies should encourage the State and local recipients of Federal grants to implement planning and information management systems that support the principles set forth in section 2(a) through (c) of this order. In turn, the Federal Government should use the information from the State and local recipients' management systems to conduct the system-level reviews of the Federal Government's infrastructure programs that are required by this order.

Sec. 3. *Submission of Plans.* Agencies shall submit initial plans to implement these principles to the Director of the Office of Management and Budget ("OMB") by March 15, 1994. Agency plans shall list the actions that will be taken to provide the data and analysis necessary for supporting infrastructure-related proposals in future budget submissions. Agency implementation plans should be consistent with OMB Circular A-94 that outlines the analytical methods required under the principles set forth in section 2 of this order.

Sec. 4. *Application to Budget Submissions.* Beginning with the fiscal year 1996 budget submission to OMB, each agency should use these principles to justify major infrastructure investment and grant programs. Major programs are defined as those programs with annual budgetary resources in excess of \$50 million.

Sec. 5. *Application to Legislative Proposals.* Beginning March 15, 1994, agencies shall employ the principles set forth in section 2 of this order and, at the request of OMB, shall provide supporting analyses when requesting OMB clearance for legislative proposals that would authorize or reauthorize infrastructure programs.

Sec. 6. *Guidance.* The Office of Management and Budget shall provide guidance to the agencies on the implementation of this order.

Sec. 7. *Judicial Review.* This order is intended only to improve the internal management of the executive branch and does not create any right or benefit, substantive or procedural, enforceable by a party against the United States,

its agencies or instrumentalities, its officers or employees, or any other person.

A handwritten signature in black ink that reads "William J. Clinton". The signature is written in a cursive style with a large, prominent initial "W".

THE WHITE HOUSE,
January 26, 1994.