DEPARTMENT OF THE ARMY CORPS OF ENGINEERS

COMPLETE STATEMENT

OF

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BEFORE

THE SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE ARMY CIVIL WORKS PROGRAM
FISCAL YEAR 2008

February 14, 2007

Madam Chairwoman and distinguished members of the Subcommittee:

I am honored to be testifying before your subcommittee today, along with the Assistant Secretary of the Army (Civil Works), the Honorable John Paul Woodley, Jr., on the President's Fiscal Year 2008 (FY08) Budget for the United States Army Corps of Engineers' Civil Works Program.

My statement covers the following 3 topics:

- Summary of FY08 Program Budget,
- Construction Program, and,
- Value of the Civil Works Program to the Nation's Economy, and to the Nation's Defense

SUMMARY OF FY08 PROGRAM BUDGET

Introduction

The Fiscal Year 2008 Civil Works Budget is a performance-based budget, which reflects a focus on the projects and activities that provide the highest net economic and environmental returns on the Nation's investment or address significant risk to human safety. Direct Program funding totals $5.406 billion, consisting of discretionary funding of $4.871 billion and mandatory funding of $535 million. The Reimbursed Program funding is projected to involve an additional $2 billion to $3 billion.

Direct Program

The Budget reflects the Administration's commitment to continued sound development and management of the nation's water and related land resources. It proposes to give the Corps the flexibility and responsibility within each major watershed to use these funds to carry out priority maintenance, repairs, and rehabilitations. The Budget incorporates objective performance-based metrics for the construction program, funds the continued operation of commercial navigation and other water resource infrastructure, provides an increase in funding for the regulatory program to protect the Nation's waters and wetlands, and supports restoration of nationally and regionally significant aquatic ecosystems, with emphasis on the Florida Everglades and the Upper Mississippi River. It also would improve the quality of recreation services through stronger partnerships and modernization. Additionally, it emphasizes the need to fund emergency preparedness activities for the Corps as part of the regular budget process.

Reimbursed Program

Through the Interagency and Intergovernmental Services Program we help non-DOD Federal agencies, state, local, and tribal governments, and other countries with timely,

cost-effective implementation of their programs, while maintaining and enhancing capabilities for execution of our Civil and Military Program missions. These customers rely on our extensive capabilities, experience, and successful track record. The work is principally technical oversight and management of engineering, environmental, and construction contracts performed by private sector firms, and is financed by the customers.

Currently, we provide reimbursable support for about 60 other Federal agencies and several state and local governments. Total reimbursement for such work in FY08 is projected to be $2.0 billion to $3.0 billion. The exact amount will depend on assignments received from the Federal Emergency Management Agency (FEMA) for hurricane disaster relief and from the Department of Homeland Security for border protection facilities.

CONSTRUCTION PROGRAM

The goal of the construction program is to produce as much value as possible for the Nation from available funds. The Budget furthers this objective by giving priority to the continued construction and completion of those water resources projects that will provide the best net returns on the nation's investment for each dollar invested (Federal plus non-Federal) in the Corps primary mission areas. The Budget also gives priority to projects that address a significant risk to human safety, notwithstanding their economic performance. Under these guidelines, the Corps allocated funding to 69 construction projects, including 6 national priority projects; 11 other dam safety assurance, seepage control, and static instability correction projects; and 52 other ongoing projects.

The Budget uses objective performance measures to establish priorities among projects, and through a change in Corps contracting practices to increase control over future costs. The measures proposed include the benefit-to-cost ratios for projects with economic outputs; the extent to which the project cost-effectively contributes to the restoration of a nationally or regionally significant aquatic ecosystem that has become degraded as a result of a Civil Works project or to an aquatic ecoystem restoration effort for which the Corps is otherwise uniquely well-suited; and giving priority to dam safety assurance, seepage control, static instability correction, and projects that address a significant risk to human safety. Resources are allocated based on Corps estimates to achieve the highest net economic and environmental returns and to address significant risk to human safety. This approach significantly improves the realization of benefits to the Nation from the Civil Works construction program and will improve overall program performance by bringing higher net benefits per dollar to the Nation sooner.

Maintenance Program

The facilities owned and operated by, or on behalf of, the Civil Works Program are aging. As stewards of this infrastructure, we are working to ensure that its key features continue to provide an appropriate level of service to the nation. Sustaining such

service poses a technical challenge in some cases, and proper operation and maintenance also is becoming more expensive as this infrastructure ages.

The Operation and Maintenance (O&M) program for the FY08 Budget consists of $2.471 billion in the Operation and Maintenance account and $158 million under the Mississippi River and Tributaries program, with a focus on the maintenance of key commercial navigation, flood and storm damage reduction, hydropower, and other facilities. Specifically, the operation and maintenance program supports the operation, maintenance, repair and security of existing commercial navigation, flood and storm damage reduction, and hydropower works owned and operated by, or on behalf of, the Corps of Engineers, including administrative buildings and laboratories. Funds are also included in this program for national priority efforts in the Columbia River Basin and Missouri River Basin to support the continued operation of Corps of Engineers multi-purpose projects by meeting the requirements of the Endangered Species Act. Other work to be accomplished includes dredging, repair, aquatic plant control, removal of sunken vessels, monitoring of completed costal projects, and operation of structures and other facilities, as authorized in the various River and Harbor, Flood Control, and Water Resources Development Acts.

VALUE OF THE CIVIL WORKS PROGRAM TO THE NATION'S ECONOMY AND DEFENSE

We are privileged to be part of an organization that directly supports the President's priorities of winning the global war on terror, securing the homeland and contributing to the economy.

The National Welfare

The way in which we manage our water resources can improve the quality of our citizens' lives. It has affected where and how people live and influenced the development of this country. The country today seeks economic development as well as the protection of environmental values.

Domestically, USACE personnel from across the nation continue to respond to the call to help re-construct and improve the hurricane and storm damage reduction system for southeast Louisiana. The critical work they are doing will reduce the risk of future storms to people and communities in the region.

Over the past year, Corps dams, levees and reservoirs again provided billions of dollars in flood damage reduction and protected lives, homes and businesses in many parts of the nation following heavy rains.

Madam Chairwoman, we will continue to work with you, this Subcommittee, and other members of Congress on the ongoing study, and the authorization and funding proposed by the Administration, for modifications to the existing hurricane protection system for New Orleans. The Budget's recommendation, as part of an FY 2007

Supplemental appropriations package, to re-allocate up to $1.3 billion of emergency supplemental appropriations enacted in FY 2006 will enable the Corps to use available, unobligated funds for measures that will provide a better overall level of protection for the New Orleans metropolitan area in the near-term.

Research and Development

Civil Works Program research and development provides the nation with innovative engineering products, some of which can have applications in both civil and military infrastructure spheres. By creating products that improve the efficiency and competitiveness of the nation's engineering and construction industry and providing more cost-effective ways to operate and maintain infrastructure, Civil Works Program research and development contributes to the national economy.

The National Defense

Internationally, the U.S. Army Corps of Engineers continues to support the mission to help Iraq and Afghanistan build foundations for democracy, freedom and prosperity.

Many USACE civilians – each of whom is a volunteer – and Soldiers are providing engineering expertise, quality construction management, and program and project management in those nations. The often unsung efforts of these patriotic men and women contribute daily toward this nation's goals of restoring the economy, security and quality of life for all Iraqis and Afghanis.

In Iraq, the Gulf Region Division has overseen the initiation of more than 4,200 reconstruction projects valued in excess of $7.14 billion. Of those, more than 3,200 projects have been completed.

These projects provide employment and hope for the Iraqi people. They are visible signs of progress.

In Afghanistan, the Corps is spearheading a comprehensive infrastructure program for the Afghan national army, and is also aiding in important public infrastructure projects.

CONCLUSION

The Corps of Engineers is committed to staying at the leading edge of service to the Nation. In support of that, I have worked to transform our Civil Works Program. We're committed to change that ensures an open, transparent, and performance-based Civil Works Program.

Thank you, Madam Chairwoman and Members of the Committee. This concludes my statement.