DEPARTMENT OF THE ARMY CORPS OF ENGINEERS

COMPLETE STATEMENT

OF

LIEUTENANT GENERAL ROBERT VAN ANTWERP
CHIEF OF ENGINEERS
U. S. ARMY CORPS OF ENGINEERS

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 2009

February 7, 2008

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 2009 (FY09) Budget for the United States Army Corps of Engineers' Civil Works Program.

My statement covers the following 4 topics:

- Summary of FY09 Program Budget,
- Construction Program
- Cost Engineering Improvements, and,
- Value of the Civil Works Program to the Nation's Economy, and to the Nation's Defense

SUMMARY OF FY09 PROGRAM BUDGET

Introduction

The Fiscal Year 2009 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 $5.242 billion, consisting of discretionary funding of $4.741 billion and mandatory funding of $501 million. The Reimbursed Program funding is projected to involve an additional $2 billion to $3 billion. In addition, the Budget requests $5.761 billion of emergency funding for continuing efforts to improve storm protection for the greater New Orleans area.

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 program managers more flexibility to properly maintain our key facilities. The Budget incorporates objective performance-based metrics for the construction program, funds the continued operation of commercial navigation and other water resource infrastructure, provides signigficant 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 an expanded fee structure and stronger partnerships, in support of modernization. Additionally, it emphasizes the basic 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. Rather than develop their own internal workforce to oversee large design and construction projects, these agencies rely on Corps of Engineers capabilities. Such intergovernmental cooperation is effective for agencies and the taxpayer by using the skills and talents that we bring to our Civil Works and Military Program missions. The work is principally technical oversight and management of engineering, environmental, and construction contracts performed by private sector firms, and is totally financed by the Agencies we service.

Currently, we provide reimbursable support for about 70 other Federal agencies and several state and local governments. Total reimbursement for such work in FY09 is projected to be $2.0 billion to $3.0 billion. The exact amount will depend on assignments received from the Agencies.

CONSTRUCTION PROGRAM

The goal of the construction program is to produce as much value as possible for the Nation from available funds. Our Fiscal Year 2009 Budget of $1.478 billion (including $76 million under the Mississippi River and Tributaries program) 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 79 construction projects, including 11 other dam safety assurance, seepage control, and static instability correction projects, 16 projects that address a significant risk to human safet, and 52 other projects.

The Budget uses objective performance measures to establish priorities among projects and, through a proposed statutory change in Corps contracting practices, would also increase control over future costs. The performance measures used include the benefit-to-cost ratios for projects with economic outputs; and, for aquatic ecosystem restoration projects, 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. The selection process also gives priority to dam safety assurance, seepage control, static instability correction, and to projects that address a significant risk to human safety. Under each of these criterions, resources are allocated based on performance. This approach significantly improves the realization of benefits to the Nation from the Civil Works construction program and will improve overall program performance by allowing the Nation to realize the benefits of the projects with the best net returns (per dollar invested) sooner.

Maintenance Program

The facilities owned and operated by, or on behalf of, the Corps of Engineers 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 maintenance is becoming more expensive as this infrastructure ages.

The Operation and Maintenance (O&M) program for the FY09 Budget includes $2.638 billion (including $163 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 completed works owned or operated by the Corps of Engineers, including administrative buildings and laboratories. This program includes, for example, significant funding for our 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 coastal projects, and operation of structures and other facilities, as authorized in the various River and Harbor, Flood Control, and Water Resources Development Acts.

COST ENGINEERING IMPROVEMENTS

The Corps has implemented some cost engineering improvements in an effort to ensure the development of quality project estimates in support of our Civil Works customers and partners for the successful accomplishment of projects. Three initiatives have been implemented that will provide more reliable project recommendations at the feasibility phase of the project by developing project cost contingencies using a standard cost risk analysis program. Cost risk analysis is the process of identifying and measuring the cost impact of project uncertainties and risks on the estimated total project cost.

The first initiative mandates that the National Planning Centers of Expertise coordinate with the Cost Engineering Directory of Expertise at the Walla Walla District for independent review of cost estimates, and include contingencies in all decision documents requiring Congressional authorization. This approach will provide consistency in business practices and in the use of cost engineering tools.

The second initiative, which went in effect on October 1, 2007, requires that Corps project delivery teams conduct a cost risk analysis to develop contingencies for Civil Works total project cost estimates of all decision documents requiring Congressional authorization for projects exceeding $40 million.

The third initiative requires that project managers and their project delivery teams use project risk management principles and methods in developing a project risk

management plan that includes a risk assessment and analysis and a risk response plan to support the cost risk analysis. Together the project risk management plan along with the cost risk analysis will produce a defensible assessment of the Civil Works total project cost estimate. This gives the management team an effective tool to assist in managing the planning study and will assist decision makers in making project recommendations.

The Corps will be incorporating lessons learned into its cost estimating practices on an ongoing basis. Our goal is to improve the accuracy of our cost estimates much earlier in the development of a proposed project – at the project formulation stage – in order to provide greater asssurance in determining whether the alternatives that we are exploring are highly cost-effective.

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, Corps of Engineers 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 damage from future storms to people and communities.

The Budget also includes a 2009 Emergency Appropriation in the amount of $5.761 billion for the Federal Share of additional funds needed to provide risk reduction from hurricane and storm surges for the greater New Orleans, Louisiana, area. These funds will be used to restore and complete construction of hurricane and storm damage risk reduction features into the Federal System. The Budget also proposes that the existing systems be authorized as a single, integrated project, and that cost-shares of this re-authorized project be made consistent with cost-shares that are applied nationally.

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.

I also want to recognize the many Corps of Engineers civilians – each of whom is a volunteer – and Soldiers who are providing engineering expertise, quality construction management, and program and project management in other 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 Afghans.

In Iraq, the Gulf Region Division has overseen the initiation of more than 4,300 reconstruction projects valued in excess of $6.5 billion. More than 500 projects valued at $2.6 billion are ongoing. These projects provide employment and hope for the Iraqi people.

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. We're committed to change that ensures an open, transparent, and performance-based Civil Works Program.

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