DEPARTMENT OF THE ARMY

COMPLETE STATEMENT

OF

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BEFORE

Subcommittee on Water Resources and Environment
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
UNITED STATES HOUSE OF REPRESENTATIVES

ON

Proposals for a Water Resources Development Act of 2008

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Madam Chair and members of the Subcommittee, I appreciate the opportunity to share my observations and recommendations for a future Water Resources Development Act (WRDA).

I am pleased to work with the Committee as it crafts legislation to improve the ways in which the Corps of Engineers serves the Nation. Indeed, the importance of this Committee in establishing in law the necessary authority and in providing oversight in the implementation of such authorizations is a crucial factor in balancing and prioritizing the allocation of scarce resources. Public policy is much improved when the Congressional authorization and oversight processes are robust and effective.

America's water resources are important not only for their profound ecological significance but also for their economic significance in contributing to the wealth and well being of the Nation. The use and conservation of these resources is worthy of most careful consideration in the allocation of scarce financial and human resources and for soundness in policies and practices. The planning and execution of water resources development and conservation projects can span many years, different Congresses, and often, different Administrations at the Federal and local sponsorship levels. Once projects are constructed, they require continued operation, maintenance and other life-cycle management, to include consideration that, in time, all projects must be repaired, restored and replaced. The direct costs, the indirect costs, and the opportunity costs of these undertakings are seldom inconsequential.

Last year, the Congress passed the most expensive WRDA bill ever at a time when the Corps was already facing a large backlog ---well over $50 billion dollars ---of authorized, but unconstructed projects. WRDA 2007 added at least $15 billion of

projects to that backlog. We should now take the opportunity to establish priorities among these existing authorizations, priorities that favor those projects within the Corps main mission areas and those projects with a very high net economic or environmental return per dollar invested, or which address the highest priority human safety issues. We should also use this opportunity to reconsider the unwarranted waivers or reductions in non-Federal cost-sharing requirements, the inappropriate shifting of Federal responsibilities and cost share among Federal agencies, and the shifting of non-Federal responsibilities onto the Federal taxpayer for existing projects. These provisions of past bills only exacerbate the difficulty of finding resources needed to maintain existing Federal water infrastructure, and delay the realization of the benefits of ongoing, high - priority projects.

For all of these reasons, it is important that Congress and the Administration work together to develop and execute a disciplined WRDA process that is fiscally responsible and based upon sound and enduring principles that reflect core values. We need to invest, not simply spend. We should never sacrifice national interests for special interests, nor ignore long-term costs in pursuit of short-term benefits, nor allow our preferences to strangle our principles. Without principles, and without discipline, any process will produce little and waste much.

It was not too long after I was appointed and confirmed as Assistant Secretary that the Gulf Coast region was ravaged by hurricanes Katrina and Rita. I can assure you that those events helped focus my thinking, the Administration's, and the thinking of the Chiefs of Engineers, then LTG Strock and now LTG Van Antwerp, on three very important principles that must characterize and guide the way in which Congress

authorizes projects and activities for the Corps of Engineers. These are "big ideas," but not necessarily new ideas. I propose that we consider these principles to guide important new policy authorities. Permit me to address briefly these three principles.

First, the significance of a Systems Approach; second, the importance of Public Safety and Life-Cycle Management; and third, the opportunities afforded by new flexibility in Modernized Financial Management.

Systems Approach.

A "systems approach" for Corps projects and activities is a principle that is the underlying theme of my remarks today. There has been an exponential increase in data collection and scientific knowledge over the past five decades, and we have learned much about the efficacy and desirability of systems approaches to water resources practices. Likewise, we have learned much about the unintended negative consequences, particularly for environmental quality, when systems considerations are not woven into the fabric of projects. Watersheds do not often correspond to the political boundaries and jurisdictions that abound across our Nation. For this reason, the project planning process should prioritize and evaluate the efficacy of those projects whose development and implementation reflects the broadest possible participation by political jurisdictions and interests within watersheds.

Public Safety and Life-cycle Management

Recurring floods, hurricanes, aging infrastructure and other circumstances have increased public concern about the levels of protection and risk reduction provided by

levees, dikes, dams, and drainage systems. Consequently, this has resulted in concerns about the safety and soundness of the structures themselves. A primary lesson from the failure of the levees in New Orleans is that the Administration and Congress need to take into consideration the risk to public safety in decision-making, resource allocation, and policy and practice for the operation, maintenance, and life-cycle management of flood and storm damage reduction infrastructure.

Risk management and risk communication is often a local responsibility in law, but not always in practice. Last year Congress authorized the creation of a national levee safety standards program to better identify high-risk levees and similar structures. This is an important step toward better Federal collaboration with state and local governments for flood plain management studies. We should explore additional measures to encourage communities to embrace the full range of structural, non-structural, and natural barrier alternatives for reducing risks to pubic safety from storms and floods. Federal projects alone cannot be expected to mitigate risks to public safety. We must work collaboratively with governments at all levels to manage risk as well as respond effectively and readily in times of crisis.

There is also a considerable need for improvement in the management of existing Corps projects, particularly in the science of life-cycle management. Existing projects include many aging structures that have generally served the Nation well in growing and sustaining economic growth and in improving the quality of life in America and in the localities they serve. Yet, much of the work to maintain this infrastructure is too often relegated to crisis-management rather than consistent life-cycle management. As projects age, maintaining the services they provide demands strategies that consider a

combination of increased maintenance and more explicit provisions for rehabilitation, replacement, or even for removal. Changes in economic and environmental conditions might also change the relative value and importance of this kind of infrastructure. Over time, all projects should be periodically re-evaluated to determine the appropriate level of resources to continue to commit to their prospective purposes and objectives, based on the demonstrated performance of those projects. In some cases, the best course might be to discontinue certain Federal roles in a project or to reevaluate non-Federal responsibilities. In other cases, the most desirable choice within a given watershed could be to re-orient project purposes, project scope and the responsibility for operations and maintenance, to best meet prospective needs rather than legacy needs.

Modernized Financing Mechanisms

As I have already mentioned, there is a great need to better prioritize competing water resource needs. While there is a large number of previously authorized projects for construction and a significant, but un-quantified, need for project operations and maintenance, there needs to be a robust comprehensive analysis and baseline assessment of the real life-cycle management costs for rehabilitation, replacement, or even removal of aging or legacy projects. These analyses will help provide a more informed decision making process for establishing priorities and allocating resources to meet the most important of these needs.

In addition, we must also promote the better use of the Nation's overall economic resources, and better align the true cost of providing services with prices. Earlier this month, the Administration submitted to Congress a legislative proposal to address the declining balance of the Inland Waterways Trust Fund. This proposal would establish a

user fee for each barge transiting a Corps lock. The user fee would be phased in over several years, and the existing fuel tax would be phased out. The revenues from the new user fee would be deposited into the Trust Fund, which has been severely depleted over recent years, and used to finance one-half of the cost of capital investment on the inland waterways. I hope this proposal is favorably received by the Congress.

In conclusion, I look forward to working with the Committee and with the Congress to advance the quality and condition of America's water resources and water resources infrastructure as you craft prospective WRDA legislation. Madam Chair, thank you for the opportunity to appear before you today and I will be happy to answer any questions you may have.