

DEPARTMENT OF THE ARMY CORPS OF ENGINEERS

COMPLETE STATEMENT OF

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CHIEF OF ENGINEERS

U.S. ARMY CORPS OF ENGINEERS

BEFORE

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

ON

**THE FISCAL YEAR 2016 BUDGET
FOR THE ARMY CORPS OF ENGINEERS, CIVIL WORKS**

APRIL 22, 2015

Mr. Chairman and Members of the Subcommittee:

I am honored to be testifying before your committee today, along with the Assistant Secretary of the Army for Civil Works, the Honorable Jo-Ellen Darcy, on the President's Fiscal Year 2016 (FY 2016) Budget for the Civil Works Program of the United States Army Corps of Engineers (Corps). This is my third time before this Subcommittee to testify on the Civil Works budget; thank you for your support in the past, and I look forward to continuing to work together.

I have been in Command of the Corps for nearly three years, and I want to briefly update you on the four Campaign Plan Goals for the Corps.

First, **Support National Security**. The Corps supports the National Security of the United States. We continue working in more than 110 countries, using our Civil Works, Military Missions, and Water Resources Research and Development expertise to support our Nation's Combatant Commanders. We are proud to serve this great Nation and our fellow citizens, and we are proud of the work the Corps does to support America's foreign policy. Civilian Army Corps employees from across the Nation have volunteered – and continue to volunteer – to work, in a civilian capacity, to provide critical support to our military missions abroad and humanitarian support to the citizens of those nations. Many of them have served on multiple deployments.

Second, **Transform Civil Works**. The four elements of the Civil Works Transformation strategy will make the Corps more efficient and effective while continuing to support the Nation by addressing some of our greatest infrastructure needs. Civil Works Transformation focuses on modernizing the project planning process; enhancing the budget development process through a systems-oriented approach and collaboration; evaluating the current inventory of projects and the portfolio of proposed water resources projects using an infrastructure strategy to identify priorities and develop better solutions to water resources problems; and improving methods of delivery to produce and deliver sound decisions, products, and services that will improve the ways in which we manage and use our water resources.

Since the inception of Civil Works Transformation efforts in 2008, 42 Chief's reports have been completed. In seven years, 13 Chief's Reports were completed in the first four years, and 29 Chief's Reports completed in the last three; we are learning and becoming more efficient in our processes.

Third, we must continue to be proactive and develop better strategies to **Reduce Disaster Risks**, as well as respond to natural disasters when they do occur, under the National Response Framework, National Disaster Recovery Framework, P.L. 84-99 as amended, and Corps project authorities for flood risk management. I continue to be amazed at the work the Army Corps does in this arena. One great example of this proficiency is the Hurricane Sandy recovery work ongoing in three of our Divisions. The Flood Control and Coastal Emergency (FC&CE) program is over 95 percent complete. At the end of 2014, the South Atlantic Division completed its Sandy Operation and

Maintenance program; with nearly 70 percent complete, both the North Atlantic Division and Great Lakes and Ohio River Division O&M programs are on schedule to be 100% complete by the end of 2016. And I'm pleased to highlight that the Army submitted the North Atlantic Coast Comprehensive Study to Congress and the public on 28 January 2015. This two-year study addresses coastal storm and flood risk from New Hampshire to Virginia and provides a Coastal Storm Risk Management Framework, data, and tools such as the Sea Level Change Calculator that are now available online to help all stakeholders better assess vulnerabilities and adopt forward thinking floodplain management strategies.

Fourth, **Prepare for Tomorrow**. This is about our People – ensuring we have a pipeline of Science, Technology, Engineering and Mathematics workers, as well as Workforce Development and Talent Management. Equally important is helping the Nation's Wounded Warriors and Soldiers transitioning out of active duty to find fulfilling careers. I am proud that last year we set a goal to assist 125 transitioning Wounded Warriors, and we exceeded that goal by more than 50 percent. Nearly 200 Wounded Warriors found permanent position within the Corps and other organization.

We are also focused on Research and Development efforts that will help solve some of the toughest challenges facing the Army and the Nation. 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 of the Nation's engineering and construction industry and providing more cost-effective ways to operate and maintain public infrastructure, Civil Works program research and development contributes to the national economy.

SUMMARY OF FY 2016 BUDGET

The FY 2016 Civil Works Budget is a performance-based budget, which reflects a focus on the work that will provide the highest net economic and environmental returns on the Nation's investment or address a significant risk to safety. Investments in the Civil Works program will reduce the risks of flood impacts in communities throughout the Nation, facilitate waterborne transportation, restore and protect significant aquatic ecosystems, generate low-cost renewable hydropower and support American jobs. Continued investment in critical Civil Works infrastructure projects is an investment in the Nation's economy, security and quality of life – now and in the future.

The Budget focuses on high performing projects and programs within the three main water resources missions of the Corps: commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration. The FY 2016 Budget includes \$4.732 billion in gross discretionary funding to fund Civil Works activities throughout the Nation, including the construction of water resources projects that will provide high economic, environmental and public safety returns on the Nation's investment. Second, in the Operation and Maintenance program, the Budget focuses on investments that address infrastructure maintenance needs on a risk assessment basis. The budget also

proposes an increase in funding for the Regulatory program to better protect and preserve the Nation's water-related resources.

INVESTIGATIONS PROGRAM

The FY 2016 Budget provides \$97 million in the Investigations account, and \$10 million in the Mississippi River and Tributaries account to fund projects, programs, and activities that will enable the Corps to evaluate and design projects that are the most likely to be high-performing within the Corps three main mission areas. The Budget also supports the Corps planning and technical assistance programs, including using its expertise to help local communities increase their resilience to risks such as the flood risks in coastal communities associated with sea level rise.

CONSTRUCTION PROGRAM

The goal of the construction program is to produce as much value as possible for the Nation from the available funds. The Budget provides \$1.172 billion for the Construction account, and \$62 million in the Mississippi River and Tributaries account, to further this objective and gives priority to the projects with the greatest net economic and environmental returns per dollar invested, as well as to projects that address a significant risk to safety. The Budget includes funds for four high-priority construction new starts: Port Lions Harbor (Deepening and Breakwater), Alaska; Coyote and Berryessa Creeks, Berryessa Creek, California; Ohio River Shoreline, Paducah, Kentucky; and Marsh Lake, Minnesota River Authority, Minnesota. In keeping with our Civil Works transformation strategy, the Budget also allocates construction funding to complete projects and deliver their benefits to the Nation sooner.

The Corps uses objective performance measures to establish priorities among projects. These include benefit-to-cost ratios for projects that are being funded primarily due to their economic outputs. For projects funded on the basis of their environmental return, those projects that are highly effective at restoring degraded structure, functions or processes of significant aquatic ecosystems on a cost-effective basis are given priority. The selection process also gives priority to dam safety assurance, seepage control, and static instability correction projects and to projects that address a significant risk to safety.

OPERATION AND MAINTENANCE PROGRAM

All structures age over time with a potential decline in reliability. With proper maintenance and periodic rehabilitation, we can extend for many years the effective lifetime of most of the facilities owned or operated by, or on behalf of, the Corps. As stewards of this infrastructure, we are working to ensure that its key features continue to

provide an appropriate level of service to the American people. In some cases, this is proving to be a challenge.

The Corps strives to continually improve the efficiency and effectiveness of its investigations, construction, and operation and maintenance programs. In FY 2016, the Corps will further expand the implementation of a modern asset management program, dedicating an increased amount of its O&M funding to the key features of its infrastructure and for work that will reduce long-term O&M costs in real terms, while implementing an energy sustainability program and pursuing efficiencies in the acquisition and operation of its information technology.

The Budget for the operation and maintenance program provides \$2.71 billion in the Operation and Maintenance (O&M) account, and \$152 million in the Mississippi River and Tributaries account. Our focus in this program is on the operation and maintenance of key commercial navigation, flood and storm damage reduction, hydropower, and other facilities. The Budget gives priority to those coastal ports and inland waterways with the most commercial traffic, and includes \$915 million to be spent from the Harbor Maintenance Trust Fund. The Budget also funds small harbors that support significant commercial fishing, subsistence, or public transportation benefits. The Budget provides operation and maintenance funding for safety improvements at Federal dams and levees based on the risk and consequence of a failure. According to our analyses, almost half of the 707 Corps dams will likely require some form of modification or risk reduction measure in the future if they are to continue to serve their original purposes.

Generally, the O&M program supports completed works owned or operated by the Corps, including administrative buildings and laboratories. Work to be accomplished includes: operation of the locks and dams along the inland waterways; dredging of inland and coastal federal channels; operating multiple purpose dams and reservoirs for flood risk reduction, hydropower, recreation, and related purposes; maintenance and repair of the facilities; monitoring of completed coastal projects; and general management of Corps facilities and the land associated with these purposes.

The FY 2016 Budget provides \$212 million in Operation and Maintenance for hydropower activities in order to maintain basic power components such as generators, turbines, transformers and circuit breakers at Corps hydropower facilities to keep them operating efficiently and effectively. The Corps is the largest hydropower producer in the U.S., producing 24 percent of the Nation's hydropower.

REIMBURSABLE PROGRAM

Through the Interagency and International Services (IIS) Reimbursable Program, the Civil Works program helps other Federal agencies, state, local, and tribal governments, and other countries with timely, cost-effective implementation of their programs. These agencies can turn to the Corps of Engineers, which already has these capabilities, rather than develop their own internal workforce and expertise to oversee project design

and construction. 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 Missions programs. The work is principally technical oversight and management of engineering, environmental, and construction contracts performed by private sector firms, and is financed by the agencies we service. IIS Reimbursable Program activities in support of our domestic stakeholders totaled \$905 million in FY 2014. We only accept agency requests that are consistent with our core technical expertise, in the national interest, and that we can execute without impacting our primary mission areas.

EMERGENCY MANAGEMENT

The FY 2016 Budget proposes an increase in funding for the Flood Control and Coastal Emergencies account to enable the Corps to prepare for emergency operations in response to natural disasters. The Budget for the emergency management program also includes \$4.5 million for the National Emergency Preparedness Program as well as \$3 million in the Investigations account for the Corps participation in the development and expansion of interagency teams, known as Silver Jackets, which collaboratively reduce the risks associated with flooding and other natural hazards. The Silver Jackets is an innovative program providing a common forum to address state and local flood risk management priorities. Silver Jacket programs are developed at the state level. Currently, there are 43 active teams (42 states and the District of Columbia); the ultimate goal is to offer an interagency team in every state.

CONCLUSION

The FY2016 Budget represents a continuing, fiscally prudent investment in the Nation's water resources infrastructure and restoration of its aquatic ecosystems. The U.S. Army Corps of Engineers is committed to a performance-based Civil Works Program, based on innovative, resilient, sustainable, risk-informed solutions.

Thank you, Mr. Chairman and Members of Subcommittee. This concludes my statement. I look forward to answering questions you or other Members of the Subcommittee may have.