

DEPARTMENT OF THE ARMY

COMPLETE STATEMENT

OF

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ASSISTANT SECRETARY OF THE ARMY
(CIVIL WORKS)**

BEFORE

**THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT**

UNITED STATES HOUSE OF REPRESENTATIVES

ON

**A REVIEW OF THE PRESIDENT'S FISCAL YEAR 2014 BUDGET
FOR THE ARMY CORPS OF ENGINEERS**

FISCAL YEAR 2014

APRIL 24, 2013

Mr. Chairman and distinguished members of the Subcommittee, thank you for the opportunity to present the President's Budget for the Civil Works program of the Army Corps of Engineers for Fiscal Year (FY) 2014.

OVERVIEW

The FY 2014 Budget for the Civil Works program reflects the Administration's priorities through targeted investments in the Nation's water resources infrastructure, including dams and levees and navigation investments as well as the restoration and protection of the Nation's aquatic ecosystems and generation of low-cost renewable hydropower. Funds are provided for the planning, design, construction, operation and maintenance of such projects. The Budget also supports the restoration of certain sites contaminated as a result of the nation's early atomic weapons development program; emergency preparedness and training to respond to natural disasters; and recreation, environmental stewardship, and water supply storage at existing projects owned or operated by the Corps. These investments will contribute to a stronger economy, improve reliability of waterborne transportation, reduce flood risks to businesses and homes, and support American jobs.

The primary objectives of the Budget are as follows:

- Focus funding on water resources investments that will yield high economic and environmental returns or address a significant risk to public safety.
- Support commercial navigation through maintenance and related activities at the most heavily used coastal ports and inland waterways in the Nation.
- Provide significant funding for dam and levee safety, including interim risk reduction measures designed to immediately lower the risk level at the highest risk dams, and continue funding for the Corps' national levee safety initiative.
- Restore large ecosystems such as the California Bay-Delta, Chesapeake Bay, the Everglades, Great Lakes, and Gulf Coast.
- Increase the organizational efficiency and improve the management, oversight, and performance of ongoing programs.

FY 2014 DISCRETIONARY FUNDING LEVEL

The Budget for FY 2014 for the Civil Works program provides a fiscally prudent, appropriate level of investment in the Nation's water resources infrastructure and in the restoration of its aquatic ecosystems.

In keeping with the Administration's commitment to continue to invest in those efforts that are a priority for the Nation, while putting the country on a sustainable fiscal path, the Budget includes \$4.826 billion in gross discretionary appropriations for the Army Civil Works program offset by a \$100 million rescission of unobligated carryover from appropriations prior to FY 2013. This gross funding level represents the amount of new Federal discretionary resources that would be available to the Civil Works program. It is \$95 million higher than the amount proposed in the FY 2013 Budget. The net and gross FY 2014 funding levels for the Civil Works program reflect a considered, practical, effective, and sound use of the available resources.

Within the \$4.826 billion recommended appropriations, \$1.35 billion is for projects in the Construction account, and \$2.588 billion is for activities funded in the Operation and Maintenance (O&M) account. The Budget also includes \$90 million for Investigations; \$279 million for Mississippi River and Tributaries; \$28 million for Flood Control and Coastal Emergencies; \$200 million for the Regulatory Program; \$104 million for the Formerly Utilized Sites Remedial Action Program; \$182 million for the Expenses account; and \$5 million for the Office of the Assistant Secretary of the Army for Civil Works. Attachment 1 shows this funding by account and program area.

The FY 2014 Budget continues the Army's commitment to a performance-based approach to budgeting to provide the best overall return for the Nation in achieving economic, environmental, and public safety objectives. Competing investment opportunities for studies, design, construction, and operation and maintenance were evaluated using objective performance metrics, which guided the allocation of funds.

The FY 2014 Budget supports an appropriate level of investment in commercial navigation, flood risk management, aquatic ecosystem restoration, and our other programs. Of the total in the Budget, 39 percent is allocated to commercial navigation; 28 percent to flood risk management activities; and 33 percent to environmental, hydropower, and other activities. Three flood risk management projects, one navigation project, one hydropower project, and 21 studies and designs are funded to completion in the Budget.

NEW INVESTMENTS IN FY 2014

The Civil Works budget includes funding for four high-performing construction new starts, three of which were proposed in the FY 2012 and FY 2013 Budgets, but did not receive funding in the final appropriations action.

The three re-proposed new start construction projects are: \$15 million for the Hamilton City project in California, which will provide environmental restoration and flood damage reduction benefits in the Bay-Delta area; \$1 million for the Louisiana Coastal Area Ecosystem Restoration program, a nationally significant effort to restore habitat while reducing the risk of damage to coastal Louisiana from storm driven waves and tides, which complements the ongoing Federal effort under the Coastal Wetlands Planning, Protection, and Restoration Act; and \$3 million for the Lower Colorado River

Basin, Onion Creek, Texas, project, which relies on non-structural solutions to significantly reduce the risk of flood damage.

The Budget also includes \$1 million in new construction start funding to rehabilitate jetties at the Columbia River at the Mouth, Oregon and Washington, project to reduce safety hazards.

The Budget also includes funding for ten new study starts in the Investigations account. Four of these studies were proposed in the FY 2012 and 2013 Budgets, but did not receive funding in the final appropriations action. These four are the Chesapeake Bay Comprehensive Plan for \$250,000; the Louisiana Coastal Area Comprehensive Plan for \$100,000; the Yuba River Fish Passage in California for \$100,000; and the national Water Resources Priorities Study for \$1 million. One additional study was previously proposed in only the FY 2013 Budget, but did not receive funding in the final appropriations action. That study is the Houston Ship Channel, Texas study is re-proposed for \$100,000.

The Water Resources Priorities Study will address the critical need to develop a baseline assessment of the Nation's vulnerability to flood damages on both a national and regional scale. First, a baseline assessment will identify and analyze the key drivers of flood risks, including the ways in which some of those risks are changing or expected to change over time. The study would then examine the effectiveness of existing Federal, State, and local programs; and develop recommendations to improve these programs so as to reduce the economic costs and risks to life associated with large-scale flood and storm events in ways that will also promote the long-term sustainability of communities and ecosystems.

The five studies included for the first time in this Budget are Coyote Dam, California for \$100,000; Dry Creek Dam (Warm Springs), California for \$100,000; Coastal Texas Protection and Restoration for \$100,000; Seattle Harbor, Washington for \$100,000; and Salton Sea, California for \$200,000.

A new activity to focus on reducing the vulnerability of Civil Works projects to changing conditions—including extreme flood, storm, and drought events—is also included for the second year. The \$1 million for Reducing Civil Works Vulnerability in the Operation and Maintenance account will inform decisions to increase the resilience of Civil Works infrastructure.

NAVIGATION

The Budget includes \$1.884 billion in support of domestic and global waterborne transportation, with emphasis on the coastal ports and inland waterways that support the greatest national economic activity.

The Budget includes \$49 million to continue construction of the New York and New Jersey Harbor deepening project. The Budget also includes \$54 million to construct dredged material placement sites at several deep draft ports to provide additional capacity for the maintenance of these projects in the future. It provides \$11 million to continue studies and designs at coastal ports, including proposals to deepen existing channels to accommodate Post-Panamax commercial shipping.

The Budget also provides for use of \$890 million from the Harbor Maintenance Trust Fund to maintain coastal channels and harbors. This is a 5 percent increase over the FY 2013 Budget and the highest amount ever proposed in a President's Budget for work financed from the Harbor Maintenance Trust Fund.

The Budget focuses on supporting those inland waterways with a high level of commercial use, specifically, the Lower Mississippi River, Ohio River, Upper Mississippi River, Gulf Intracoastal Waterway, Illinois Waterway, Tennessee River, and the Black Warrior Tombigbee Waterway. For example, the Budget includes a total of \$75 million for additional measures to support navigation on the Mississippi River if the current drought, which has been affecting the water levels on the river, continues into FY 2014.

The FY 2014 Budget includes a total of \$248 million for inland waterways capital investments are funded at \$248 million, of which \$94 million will be derived from the Inland Waterways Trust Fund. This amount is consistent with the expected level of revenue to this trust fund under existing law.

The Budget assumes enactment of a legislative proposal submitted to the Joint Select Committee on Deficit Reduction in 2011. The proposal would generate an additional \$1.1 billion in revenue over 10 years from commercial users of the inland waterways. Over a recent three-year period, for example, the receipts from the inland waterways fuel tax covered less than 10 percent of the total cost that the Corps incurred on behalf of the companies that move goods on these waterways, including costs for both capital investment and operation and maintenance. The proposal includes a new annual vessel user fee, which would supplement the existing fuel tax. The proposal is needed to ensure that the revenue paid by commercial navigation users is sufficient to meet their share of the costs of capital investments on the inland waterways. It would enable a more robust level of matching funds from the general fund for such investments in the future.

In addition, the Budget includes \$13.4 million to address dam safety issues at navigation dams at two projects (Locks and Dams 2,3,4, Monongahela River, Pennsylvania, and Lockport Lock and Dam, Illinois).

FLOOD RISK MANAGEMENT

Through both structural and non-structural measures, the flood risk management program serves as a vehicle to reduce the risk to safety and property from riverine and

coastal flooding. The FY 2014 Budget provides \$1.37 billion for the flood risk management program, which includes \$392 million for dam and levee safety.

This flood risk management program includes \$41 million to continue the levee safety initiative, which involves an assessment of the conditions of Federal levees. These funds will enable the Corps to better evaluate and communicate risk, for example, by providing information that will assist non-Federal entities in identifying safety issues with their levees. The Corps will be conducting levee inspections and levee risk screenings, adding to the data in the national levee inventory, and providing the available levee data to communities for their use in gaining accreditation under the Federal Emergency Management Agency's National Flood Insurance Program.

AQUATIC ECOSYSTEM RESTORATION

The FY 2014 Budget reflects a continuing effort by the Administration to have a coordinated approach for restoring five of the Nation's significant aquatic ecosystems. The Corps has been working collaboratively with other Federal resource agencies on this effort. Attachment 2 provides a list of these ecosystems and the Corps funding amounts budgeted on this basis.

The Budget for the Army Civil Works program provides \$97 million for the ongoing South Florida Ecosystem Restoration Program, which includes the Everglades, consisting of \$88 million in the Construction account and \$9 million in the Operation and Maintenance account. It also supports several other major ecosystem-wide initiatives, by providing a total of \$77 million in the aquatic ecosystem restoration program in support of Federal efforts in the California Bay-Delta, Chesapeake Bay, the Great Lakes, and the Gulf Coast.

The Budget includes \$102 million for the Columbia River Fish Mitigation program, an ongoing effort to reduce the adverse impacts of a series of Corps dams on migrating endangered and threatened salmon. Funds will be used to construct juvenile fish bypass facilities, improve adult fish ladders and conduct other activities that support salmon habitat. The Budget also provides \$70 million for ongoing work under the Missouri River Fish and Wildlife Recovery program to construct shallow water habitat and undertake other activities to recover and protect Federally-listed species, including the pallid sturgeon.

PLANNING IMPROVEMENTS

The Army continues to work to modernize the Civil Works Planning Program to better address the current and future water resources needs of the Nation. The Army has undertaken an aggressive review of all ongoing feasibility studies to focus on studies with the greatest probability of providing high economic, environmental, and safety returns to the Nation and ensure studies are appropriately scoped. Proposed changes

are aimed at dramatically shortening the timeframe for completion of pre-authorization studies while retaining the quality of the analyses, reducing the cost of conducting planning studies, and increasing Corps corporate and individual accountability for decisions.

The FY 2014 Budget includes \$4 million for the Planning Support Program. These funds will be used to improve training of Corps planning personnel, including through the Planning Associates Program; support development and implementation of revisions to the Water Resources Principles and Guidelines in accordance with requirements in the Water Resources Development Act of 2007 (Sec 2031, PL 110-114); and improve the performance of our national planning centers of expertise.

REGULATORY PROGRAM

The Budget includes \$200 million for the Regulatory Program to enable the Corps to protect high-value aquatic resources, enable more timely business planning decisions via a transparent and timely permit review process, and support sustainable economic development.

VETERANS CURATION PROJECT

In continued support of the President's Veterans Job Corps, the FY 2014 Budget includes \$3 million to continue the Veterans Curation Project, which provides vocational rehabilitation and innovative training for wounded and disabled veterans, while achieving historical preservation responsibilities for archaeological collections administered by the Corps. The project supports work by veterans at curation laboratories located in August, Georgia; St. Louis, Missouri; and the Washington, D.C. area.

CONCLUSION

In summary, the President's FY 2014 Budget for the Army Civil Works program is a performance-based budget that supports continued progress on important water resources investments that will yield long-term economic, environmental, and safety returns for the Nation and its citizens.

These investments will contribute to a stronger economy, support waterborne transportation, reduce flood risks to businesses and homes, restore important ecosystems, provide low-cost renewable hydropower, and deliver other benefits to the American people.

Mr. Chairman and Members of the Subcommittee, I look forward to working with this Subcommittee in support of the President's Budget. Thank you.