

DEPARTMENT OF THE ARMY

COMPLETE STATEMENT

OF

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(CIVIL WORKS)**

BEFORE

**THE SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
COMMITTEE ON APPROPRIATIONS**

UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE ARMY CIVIL WORKS PROGRAM

FISCAL YEAR 2011

February 10, 2010

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) 2011.

OVERVIEW

The FY 2011 Budget supports four principal objectives:

- Focus on the construction of those high performing projects that provide the best return from a national perspective in contributing to the economy, restoring aquatic ecosystems, and reducing risks to human safety;
- Support future capital investments for the inland waterways by proposing that Congress enact a new funding mechanism to raise the revenue needed to meet the authorized 50 percent non-Federal cost-share in a way that is efficient and equitable;
- Advance aquatic ecosystem restoration efforts, including restoration of Florida's Everglades, the California Bay Delta, and the Louisiana coast, as well as continuing to meet the requirements of the Endangered Species Act, particularly in the Columbia River and the Missouri River Basins; and
- Within the O&M program, give priority to investments in the operational reliability, safety, and availability of key existing Civil Works infrastructure.

The Budget focuses funding for development and restoration of the Nation's water and related resources within three main Civil Works program areas: commercial navigation, flood and coastal storm damage reduction, and aquatic ecosystem restoration. Additionally, the Budget supports hydropower, recreation, environmental stewardship, and water supply services at existing water resources projects owned or operated by the Corps. Finally, the Budget provides for protection of the Nation's regulated waters and wetlands; cleanup of sites contaminated as a result of the Nation's early efforts to develop atomic weapons; and emergency preparedness and training. The Budget does not fund work that should be the responsibility of non-Federal interests or other Federal agencies, such as wastewater treatment and municipal and industrial water treatment and distribution.

FY 2011 DISCRETIONARY FUNDING LEVEL

The total new discretionary funding of \$4.939 billion in the FY 2011 Budget will keep the Civil Works program moving forward to help revitalize the economy and provide for restoration and stewardship of the environment. The Budget also proposes cancellation of the unobligated balance of funding previously provided in the Mississippi River and Tributaries account for construction of the Yazoo Pumps project.

In keeping with President Obama's decision to constrain the overall level of non-security discretionary spending, the level of funding for the Civil Works program in the 2011 budget is a reduction from both the 2010 budget and the enacted 2010 appropriations. However, the 2011 funding level reflects a practical, effective, and a sound use of the Nation's resources and focuses on key investments that are in the best interest of the Nation.

Within the \$4.939 billion total, \$1.69 billion is budgeted for projects in the Construction account, and \$2.361 billion is budgeted for activities funded in the Operation and Maintenance (O&M) account.

The FY 2011 Budget also includes \$104 million for Investigations; \$240 million for Flood Control, Mississippi River and Tributaries; \$30 million for Flood Control and Coastal Emergency; \$193 million for the Regulatory Program; \$130 million for the Formerly Utilized Sites Remedial Action Program; \$185 million for the Expenses account; and \$6 million for the Office of the Assistant Secretary for Civil Works.

The FY 2010-2014 Five Year Development Plan (FYDP) was recently provided to the relevant Committees of Congress. Projections in the FYDP are formula driven. They do not represent budget decisions or budget policy beyond FY 2010, but they can provide perspective on the Army Civil Works program and budget.

NEW INVESTMENTS IN FY 2011

The Civil Works budget includes two construction new starts and several other new initiatives in the Investigations and O&M accounts.

In the Construction account, the budget includes \$19 million for a new start for construction of projects under the Louisiana Coastal Area program. These funds will be applied to construct authorized restoration projects with reports that have favorably completed Executive Branch review. The budget also includes \$10 million to initiate a nonstructural flood damage reduction project at Onion Creek, Lower Colorado River Basin, Texas.

In the Investigations account, two new national efforts are funded: \$2 million for a Water Resources Priorities Study – a high-priority evaluation of the Nation's vulnerability to flooding. The Investigations account also includes \$500,000 for continued support of the revised Principles and Guidelines to direct future planning for water resources projects, including development of detailed planning procedures to implement the revised Principles and Guidelines.

The O&M program includes \$10 million for a new Global Changes Sustainability program to assess the impacts of climate change on Civil Works projects, update drought contingency plans, enhance Federal collaboration, and increase partnerships with non-

Federal stakeholders and programs. Understanding those impacts will enable the Corps to identify operational and other modifications to anticipate and respond to climate change. Also included in the O&M account is \$3 million to initiate a Coastal Data Information Program to provide long-term coastal wave observations nationwide, to develop tools for using wave and other data for managing coastal sediments, and to support sustainable coastal and navigation projects under a changing climate.

INLAND WATERWAYS USER FEE PROPOSAL

The FY 2011 budget proposes to allocate \$158.1 million for capital investment (construction, replacement, rehabilitation, and expansion of projects) on the inland waterways, of which \$82.3 million would be derived from the Inland Waterways Trust Fund. Last year, the Army submitted proposed legislation to the Congress on behalf of the Administration for a new user fee. That proposal is awaiting action by Congress and is reflected in the FY 2011 budget. In addition, the Army continues to work with the inland waterway stakeholders to explore other possible options to achieve the purposes of this legislative proposal, which are to raise the needed revenue from the commercial users of these waterways and to do so in a way that is efficient and equitable. The Administration has shown flexibility and is working to move the process forward. At this point, however, I would like to emphasize that neither the Corps nor the Army supports, or has accepted or endorsed, any particular out-year schedule or funding proposal for the inland waterways, or any alternative to the lock usage fee legislative proposal that Army submitted to Congress in May 2009.

AQUATIC ECOSYSTEM RESTORATION

The budget places priority on aquatic ecosystem restoration and provides \$180 million for the Corps for the South Florida/Everglades ecosystem restoration program. The budget includes funding for continued construction of five significant restoration projects in this program: Picayune Strand; Site One Impoundment; Indian River Lagoon South; Kissimmee River, and the C-111 (South Dade) project.

The budget also supports work on other major ecosystem-wide initiatives, such as the \$58 million for Corps' ecosystem restoration and other water resources studies and projects in the California Bay Delta, including: Coyote and Berryessa Creeks; Hamilton Airfield Wetlands Restoration; Napa River Salt Marsh Restoration; Sacramento-San Joaquin Delta Islands and Levees; and Santa Ana River Mainstem, a flood and coastal damage risk reduction construction project.

The budget increases funding by 44% over last year's budget for the Lower Columbia River Fish Mitigation project to mitigate the impact of Corps dams on migrating salmon. Nearly \$138 million will be used to construct bypasses, improve fish ladders and for other activities that support salmon habitat. Similarly the budget supports ongoing work on the Missouri Fish and Wildlife Recovery project with \$78 million to construct habitat and

connect floodplains that had been degraded, for the benefit of the endangered pallid sturgeon and other species.

ONGOING PRIORITIES IN THE O&M ACCOUNT

Two particular ongoing activities in the O&M account merit special attention. First, the O&M account includes \$15 million for the expansion of the National Levee Inventory database to include available information on levees of other Federal agencies and all of the states. The Corps will work with stakeholders to facilitate their use of the Database for local levee safety programs. In addition, the Corps will continue development of a levee risk screening and classification process.

The budget for the Cultural Resources program in the O&M account is increased to \$5.5 million to include \$3 million to continue the Veterans Curation Project, which received funding in FY 2009 from the American Recovery and Reinvestment Act (ARRA). The Veterans Curation Project temporarily employs and trains wounded and returning veterans in the curation of archeological and historic properties that have come into the Corps' possession over the years as a result of construction at water project sites around the country, thus advancing the Corps' curation program while providing employment and transferrable skills that improve future employment opportunities of the veterans who work in the labs.

PLANNING IMPROVEMENTS AND PERFORMANCE-BASED BUDGETING

Working through the Chief of Engineers, the Army continues to strengthen and improve the planning expertise of the Corps, including greater support for planning Centers of Expertise, better integration of project purposes, and greater reliability of cost estimates and schedules in both planning and programming processes.

The FY 2011 Budget continues the Army's commitment to a performance-based approach to budgeting for the Civil Works program. Competing investment opportunities for studies, design, construction, and operation and maintenance were evaluated using multiple metrics. The Army used and will continue to use objective, performance criteria to guide its recommendations on the allocation of funds.

The Army applied objective performance guidelines to establish priorities and guide the allocation of funds to high-performing ongoing construction projects and new construction starts. These guidelines focus on those investments within three main mission areas of the Corps that provide the best return from a national perspective in achieving economic, environmental, and public safety objectives. Similarly, the Army used objective performance criteria to allocate O&M funds in the FY 2011 Budget. The O&M criteria consider both the condition of the project and the potential consequences for project performance if the O&M activity were not undertaken in FY 2011.

In FY 2011 the Corps will focus efforts on developing new strategies, along with other Federal agencies and non-Federal project partners, to better manage, protect, and restore the nation's water and related land resources, including floodplains, flood-prone areas, and related aquatic ecosystems. The Corps also will continue to pursue management reforms that improve project cost and schedule performance to ensure the greatest value from invested resources, while strengthening the accountability and transparency of the way in which taxpayer dollars are being spent.

AMERICAN RECOVERY AND REINVESTMENT ACT

The Corps continues the work funded in the ARRA. The Act provided \$4.6 billion for the Civil Works program. That amount includes \$2 billion for Construction; \$2.075 billion for O&M; \$375 million for Mississippi River and Tributaries; \$25 million for Investigations; \$25 million for the Regulatory Program; and \$100 million for the Formerly Used Sites Remedial Action Program. The Corps has allocated ARRA funds to more than 800 projects in 49 states, the District of Columbia, and Puerto Rico, and has completed 42 projects. The ARRA appropriations for Civil Works will create or maintain direct construction industry jobs and indirect jobs in firms supplying or supporting the construction and the businesses that sell goods and services to these workers and their families.

The ARRA-funded Civil Works projects provide important support to the Nation's small businesses in their economic recovery. Of the more than \$2.8 billion of ARRA funds obligated thus far (62% of the total \$4.6 billion), small business awards make up about 74% of the total contract actions and account for about 47% of the ARRA funds obligated.

Projects that received ARRA funds were selected on the basis of their long-term contribution to the Nation and their readiness for execution within the ARRA timeframe. The wide geographic distribution of ARRA funded projects helps to spread the employment and other benefits across the Nation. Funding also is distributed across Civil Works programs, including inland and coastal navigation, aquatic ecosystem restoration, flood risk management, hydropower, and more.

CONCLUSION

The Administration has made rebuilding America's infrastructure a priority. Through resources provided for the Civil Works program in the President's Budget for FY 2011, the Army can help achieve this objective and help support the Nation's economy and environment. The Army is committed to applying 21st century technological advances to present day challenges, while protecting and restoring significant ecological resources.

Mr. Chairman, Members of the Subcommittee, I am proud to present the FY 2011 budget for the Army Civil Works program. I look forward to working with this Subcommittee in support of the President's Budget. Thank you.