

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 APPROPRIATIONS

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE FISCAL YEAR 2020 BUDGET

FOR THE ARMY CORPS OF ENGINEERS, CIVIL WORKS

MARCH 27, 2019

Madam Chairwoman and Members of the Subcommittee:

I am honored to testify before your committee today, along with The Honorable R.D. James, the Assistant Secretary of the Army for Civil Works, on the President's Fiscal Year 2020 (FY 2020) Budget for the United States Army Corps of Engineers (Corps) Civil Works Program.

I have been in command of the Corps for close to three years, and I want to briefly update you on where we are going. As I said last year, the Corps' credibility is measured by our ability to deliver results that are on time, on budget, and of exceptional quality. Focusing on innovative ways to deliver high quality outcomes sooner is a top Corps priority.

The Corps is taking bold actions to improve performance and engineer solutions for the nation's toughest water resources challenges. We continue to work on policy and administrative changes that can improve the way that we plan, design, construct, and operate and maintain our projects. Through looking internally at our organization, authorities, policies, regulations and procedures we are increasing efficiency and effectiveness.

The effort to revolutionize the Civil Works program focuses on accelerating project delivery, transforming project financing and budgeting, and permitting and regulation reform. We are applying risk-informed decision making to the entire project life, and working to provide non-federal sponsors with tools to enable the successful completion of authorized studies and construction. The FY 2020 Budget seeks to transform project financing by proposing two new, innovative construction programs in the FY 2020 Budget. In the Regulatory program we continue to streamline permit processes, this includes efforts to reduce redundancy and delegate authority for decision making to the most practical and appropriate level.

The Corps focuses on work that provides the highest economic, environmental, and public safety returns to the Nation. The Corps also operates and maintains water resources infrastructure that may no longer meet its authorized purposes or for which the needs of the Nation have changed. There are six studies funded in the FY 2020 Budget to ascertain the viability of deauthorizing projects and removing them from the Corps inventory.

The Corps' Military program also continues our work across the globe with presence in more than 110 countries supporting national security and our Combatant Commanders with civil works, military missions, and water resources research and development expertise.

SUMMARY OF FY 2020 BUDGET

The FY 2020 Civil Works Budget is a performance-based budget, focused on reducing flood risk in communities across the Nation, facilitating commercial navigation, restoring aquatic ecosystems, and generating low-cost renewable hydropower. The Budget uses

a targeted approach to investment in our water resources, which will benefit the Nation's economy, environment, and public safety – 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 Budget includes \$4.827 billion in discretionary funding for Civil Works activities throughout the Nation.

The Budget also proposes the necessary level of funding for the Regulatory program to protect and preserve water-related resources of the Nation.

INVESTIGATIONS PROGRAM

The FY 2020 Budget provides \$77 million in the Investigations account, and \$4.96 million in the Mississippi River and Tributaries account to evaluate and design projects within the Corps three main mission areas and for related work, including research and development. The Budget also supports the Corps planning and technical assistance programs, including using its expertise to help local communities increase their resilience to, and preparedness for, flood risks.

CONSTRUCTION PROGRAM

The Budget provides \$1.301 billion for the construction program, including \$1.170 billion in the Construction account, \$56.8 million in the Mississippi River and Tributaries account, \$55.5 million in the Inland Waterways Trust Fund account and \$18.3 million in the Harbor Maintenance Trust Fund account.

The Budget funds two new, innovative programs in the Construction account:

- \$150 million for the WRRDA 2014 Section 1043 Non-Federal Construction of Federal Projects program, under which the Corps would transfer appropriated funds to non-Federal sponsors who decide to construct a project on their own. This approach will improve project delivery and achieve cost savings; and
- \$150 million for the Innovative Funding Partnerships program, which would be used in conjunction with funds voluntarily provided by non-Federal interests in excess of the non-Federal cost share to accelerate the completion of construction of specifically authorized projects.

In addition, the Budget proposes to extend the authorization for Section 1043 of the Water Resources Reform and Development Act of 2014, as amended, which under current law expires on June 10, 2019.

The goal of the construction program is to produce as much value as possible for the Nation from the available funds. Projects funded primarily due to their economic return, require a benefit-to-cost ratio of 2.5-to-1 or higher, calculated at a 7-percent discount

rate. Projects funded on the basis of their environmental return must demonstrate that they will restore degraded ecosystem structure, function and/or process to a more natural condition. Ongoing projects that can complete all remaining construction work during the budget year or the following year may be funded at the level needed to complete that work if the project has a BCR of 1.0-to-1 or above, at a 7-percent discount rate. Funding is also prioritized for mitigation work at ongoing construction projects, and work needed to comply with biological opinions and with treaties. The selection process prioritizes investments, on a risk informed basis, in dam safety assurance, seepage control, and static instability correction work at dams that the Corps owns and operates, and work to address significant risk to human safety, as well as construction of dredged material disposal facilities for high and moderate use segments of commercial deep-draft, shallow-draft, and inland waterways projects.

OPERATION AND MAINTENANCE (O&M) PROGRAM

All structures age and can deteriorate over time, causing a potential decline in reliability. As stewards of a large portfolio of water resources projects, we are working to sustain the benefits that the key features of this infrastructure provide.

The Corps continues to improve the efficiency and effectiveness of its operation and maintenance program. The Budget focuses on investments that address infrastructure maintenance needs on a risk informed basis. It invests in the highest priority needs among the infrastructure that the Corps owns and operates, and in work that will reduce long-term O&M costs in real terms.

The Budget for the operation and maintenance program provides \$1.93 billion in the O&M account, \$148.1 million in the Mississippi River and Tributaries account, and \$946.7 million in the Harbor Maintenance account. The allocation of funding for maintenance among projects reflects a risk-informed assessment that considers both project and project component conditions as well as the consequences in the event of a failure.

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 locks and dams along the inland waterways; dredging of inland and coastal Federal channels; operating multi-purpose dams and reservoirs for flood risk reduction, hydropower, recreation, and related purposes; maintenance and repair of facilities; monitoring of completed projects; and general management of Corps facilities and the land associated with these purposes including work to serve as a responsible steward of the natural resources on Corps lands.

Typically, the concerns that lead to dam safety modifications and/or interim risk reduction measures first become apparent through the inspections and monitoring that the O&M program funds. Additional measures are considered and evaluated as new and existing issues are identified.

The FY 2020 Budget provides \$214 million in the O&M account for hydropower activities to maintain power components such as generators, turbines, transformers and circuit breakers at Corps hydropower facilities and keep them operating efficiently and effectively. The Corps also receives approximately \$275 million each year derived from Department of Energy revenues related to power sales, and from contributed funds. The Corps is the largest hydropower producer in the U.S., operating 24 percent of the Nation's hydropower capacity.

NAVIGATION TRUST FUNDS

The Budget repropose revisions to the appropriations language for the Construction, Operations and Maintenance, and Mississippi River and Tributaries accounts and new appropriations language for the Harbor Maintenance and the Inland Waterways Trust Funds. This language would provide greater transparency to the public in how these funds are spent, including the users that pay fees to finance some of the Trust Funds costs, improve accountability, and ensure that appropriations are used for the purposes for which the Congress intended. Specifically, the proposal would make trust fund amounts definite and executed out of the trust funds rather than transferring them to the expenditure accounts for execution. Doing so will simply clarify the accounting for expenditure of funds from each account. The Corps has developed an interim solution to help with the financial management of these funds, but the revised appropriations language will enable the Corps to manage these resources more easily.

REIMBURSABLE PROGRAM

Through the Interagency and International Services (IIS) Reimbursable Program, the Corps assists other Federal agencies, state, local, tribal governments, and those of other countries with timely, cost-effective solutions. These agencies can turn to the Corps, which already has these capabilities, rather than develop their own internal workforce and expertise to act as their design and construction agent. Such intergovernmental cooperation is effective for agencies and the taxpayer, and uses the skills and talents that we bring from our Civil Works and Military Missions programs. The work is principally technical oversight and management of engineering, environmental, and construction projects. The work itself is typically performed by private sector firms and is financed by the agencies we service. We only accept agency requests that are consistent with our core technical expertise, in the national interest, and that can be executed without impacting our primary mission areas.

EMERGENCY MANAGEMENT

The FY 2020 Budget provides \$27 million 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.

APPROACHES TO FLOOD RISK MANAGEMENT

The Investigations account also includes \$25 million for Corps efforts, in conjunction with state floodplain management authorities, to provide technical and planning assistance to enable local communities to reduce their flood risk, with emphasis on non-structural approaches. The Budget continues to invest in the interagency teams known as Silver Jackets, which work to enable communities to understand their flood risks and to develop and implement their own non-structural flood risk management solutions.

The Silver Jackets program is an innovative program, which provides a way in each of the participating states to address State and local flood risk management priorities. The Corps participates in these efforts, along with FEMA, other Federal agencies, and the state agencies with expertise in flood risk management. The Budget for the Civil Works program funds the Corps staff work on these teams. Each team is developed at the state level. The teams share lessons learned at the state level with each other, and each team works to apply the available resources effectively to meet its State's flood risk management priorities. These intergovernmental flood risk management teams are now active in nearly every State.

CONCLUSION

The FY 2020 Budget represents a continuing, fiscally prudent investment in the Nation's water resources infrastructure and restoration of aquatic ecosystems. The U.S. Army Corps of Engineers is committed to a performance-based Civil Works Program, based on innovative, resilient, and sustainable risk-informed solutions.

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