DEPARTMENT OF THE ARMY CORPS OF ENGINEERS

COMPLETE STATEMENT OF

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CHIEF OF ENGINEERS

BEFORE

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

ON

THE PRESIDENT'S FISCAL YEAR 2015 BUDGET:
ADMINISTRATION PRIORITIES FOR
THE U.S. ARMY CORPS OF ENGINEERS

APRIL 2, 2014

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 2015 (FY 2015) Budget for the Civil Works Program of the United States Army Corps of Engineers (Corps).

This is my second time before this Subcommittee and I continue to look forward to working with you. I have been in Command of the Corps for nearly two years, and I want to touch briefly on the four Campaign Goals for the U.S. Army Corps of Engineers (Corps) that are now in place.

First, **Support the Warfighter** - we continue working in more than 130 countries, using our Civil Works, Military Missions, and Water Resources Research and Development expertise to support Combatant Commanders. We often find ourselves at the apex of Defense, Diplomacy, and Development with our work. As such, the Corps supports the National Security of the United States. Also within this goal, we are focused on sustainability and energy as well as our support to the interagency partners such as the Department of State, the Veterans Administration, the Department of Energy and others.

Second, **Transform Civil Works** - I've had the opportunity to speak with many stakeholder groups and elected officials about our Nation's approach to water resources and the condition of its existing water resources infrastructure. The four elements of our Civil Works transformation strategy will help us address some of these issues and make us more efficient and effective. Those elements are: Modernize the project planning process; Enhance the budget development process through a systems-oriented approach and collaboration; Evaluate the current inventory of projects and the portfolio of proposed water resources projects through an infrastructure strategy to identify priorities and develop better solutions to water resources problems; and Improve 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.

Third, we must **Reduce Disaster Risks** and continue to respond to natural disasters under the National Response Framework as well as our ongoing efforts with flood risk management. The Sandy recovery work is progressing on schedule. More than 200 projects, from Florida to Maine and into Ohio, were adversely impacted by the storm. In 2013 the Corps successfully repaired many projects and returned approximately 15 million cubic yards of sand to affected beaches. In 2014 the Corps is on track to remediate the remaining Sandy impacted projects that involve a constructed beach. We expect to place approximately 50 million cubic yards of sand on these projects. The study team has been working with over 100 Regional Partners on the Comprehensive Study. The framework developed in this study looks at vulnerabilities across a large coastline and identifies measures that could be used to mitigate for future risk, based on the characteristics of each reach and patterns of land use. It will include a full range of possible risk reduction strategies (structural, non-structural, and nature-based features).

The study will provide regional partners with methods that they can adjust to meet their needs/values within their specific communities.

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. We are also focused on Research and Development efforts that will help solve some of the toughest challenges facing the Army and the Nation. One great example is the Sandy Sea Level Rise Tool first developed for use in our post-Sandy recovery efforts; the interagency team that developed this tool won the President's Green Government award last fall. The calculator is now being used to analyze other vulnerable areas across the Nation. We're reviewing our internal operations and processes to ensure that in a time of fiscal uncertainty and challenge, the Army Corps of Engineers is postured for future success. Lastly, we want to help our Wounded Warriors and Soldiers transitioning out of active duty to find fulfilling careers. I am proud that last year we had 140 Operation Warfighter interns in the Corps and assisted 120 Wounded Warriors in obtaining civilian jobs!

My statement covers the following 10 topics:

- Summary of FY 2015 Budget
- Investigations Program
- Construction Program
- Operation and Maintenance Program
- Reimbursable Program
- Planning Program Modernization
- Efficiency and Effectiveness of Corps Operations
- Emergency Management
- Research and Development
- National Defense

SUMMARY OF FY 2015 BUDGET

The FY 2015 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 significant risks to safety. These investments support waterborne transportation, reduce the risk of flooding to businesses and homes, restore significant aquatic ecosystems, improve the resiliency and safety of existing water resources infrastructure, provide low-cost renewable hydropower, and support American jobs.

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 2015 Budget includes $4.561 billion in gross discretionary funding—offset in part by a proposal to cancel $28 million in prior appropriated funds—to fund Civil Works activities, including work on more than 400 flood and storm damage reduction projects, 192 coastal navigation projects, and 193 sites with navigation locks.

The Budget will also enable the Corps to process approximately 90,000 permit requests while protecting our Nation's waters and wetlands; operate 75 hydropower plants with 353 generating units that annually produce about 20,000 megawatts, providing 24 percent of the nation's hydropower capability and 3 percent of the total electric capability; and sustain our preparedness to respond to natural disasters.

INVESTIGATIONS PROGRAM

The FY 2015 Budget provides $80 million in the Investigations account, and $10 million in the Mississippi River and Tributaries account to fund projects 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 FY 2015 Budget includes funds to complete 34 feasibility-level studies, and Preconstruction, Engineering, and Design work on six proposed projects.

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 $1.125 billion for the Construction account, and $84 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 funds construction on 68 projects, including one high-priority construction new start (Louisiana Coastal Area Ecosystem Restoration, LA). In keeping with our Civil Works transformation strategy, the Budget allocates construction funding among projects to allow us to complete projects and deliver their benefits to the Nation sooner. The 68 construction projects consist of: 31 Flood Risk Management projects; 16 Commercial Navigation projects; 18 Aquatic Ecosystem Restoration projects; 1 Hydropower project; and 2 Water Supply projects. The FY 2015 Budget funds to completion 9 construction projects.

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 and cost-effectiveness for the restoration of significant aquatic ecosystems. 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 Budget provides $2.6 billion for the Operation and Maintenance (O&M) account, and $153 million under the Mississippi River and Tributaries account with a focus 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 increases the total amount to be spent from the Harbor Maintenance Trust Fund to a level that is higher than in any previous Budgets. 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.

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 control, 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 2015 Budget provides $209 million in Operation and Maintenance for hydropower activities to maintain basic power components such as generators, turbines, transformers and circuit breakers at Corps hydropower facilities to keep them operating efficiently and effectively.

REIMBURSABLE PROGRAM

Through the Interagency and Intergovernmental Services 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 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.
We only accept agency requests that we can execute without impacting our missions that are consistent with our core technical expertise and that are in the National interest.

PLANNING PROGRAM MODERNIZATION

Planning modernization includes a transformation of how the Corps of Engineers Planning Program manages its portfolio of studies. In the past three fiscal years, to

better manage its study portfolio, the Corps has significantly reduced the active study portfolio from 650 to under 200 studies, a 60% decrease, which enables us to focus available funding on the studies that are most likely to identify solutions with high economic or environmental returns to the Nation or that address significant safety risk.

To better deliver studies, the Corps has embraced a new planning process referred to as “SMART Planning” (Specific, Measurable, Attainable, Risk-informed, and Timely). SMART Planning is risk-informed, decision focused planning that utilizes a 6-step planning process, which emphasizes the scoping of our analyses based on what is necessary for decisions. This approach aims to reduce resource requirements—both time and money—by appropriately focusing on the key drivers in resolving problems while complying with all applicable laws.

The Corps is fully committed to this initiative, while improving the quality of the analyses that are needed to inform our cost-sharing partners, the public comment process, and project decisions. The goal under SMART planning is to complete most feasibility studies within 3 years for $3 million or less. However, some of our studies will take longer or cost more, particularly where the proposal is costly, complex, or controversial. The end product is a decision that has considered the full range of alternatives, is based on an in depth evaluation of all the relevant factors, and has been fully coordinated by three vertical levels of the organization (Corps Headquarters, the Corps Division, and the Corps District) from study inception to completion.

EFFICIENCY AND EFFECTIVENESS OF CORPS OPERATIONS

The Corps strives to continually improve the efficiency and effectiveness of its investigations, construction, and operation and maintenance programs. In FY 2015, the Corps will further expand the implementation of a modern asset management program, dedicating an increased amount of its Operation and Maintenance 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.

EMERGENCY MANAGEMENT

The FY 2015 Budget provides $28 million in the Flood Control and Coastal Emergencies account to prepare for emergency operations in response to natural disasters as well as $2 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 Corps Emergency Management Program also includes $4.5 million in the National Emergency Preparedness Program to ensure that the Corps continues to be prepared to respond to man-made disasters such as acts of terrorism, while assuring continuity of organizational operations.

RESEARCH AND DEVELOPMENT

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.

NATIONAL DEFENSE

We often find ourselves at the apex of Defense, Diplomacy, and Development with our work. As such, the Corps supports the National Security of the United States. The Corps is supporting U.S. Foreign Policy and the President's initiative of Rebalancing to Asia, which includes the ramp up of resources and activities to support the Host Nation Program in Japan and Korea. Projects include relocation of runways/infrastructure; construction of airfield operations, housing, installation, and support facilities in Japan; and movement of much of the US Forces in Korea further south into Camp Humphreys.

The Corps is supporting fellow Federal agencies with work for the State Department, the Department of Veterans Affairs, Department of Energy, USAID, and many more. In Afghanistan we have completed $9.3 billion of work and have another $1.5 billion in construction to complete, for a total Afghanistan program for the Corps of $10.8 billion. We are focused on completing as many of the remaining projects as possible by the end of the 2014 calendar year. However, after December 31, 2014, we expect to have approximately 45 projects left to complete. The final project (Dahla Dam Phase II) is scheduled for completion in 2017.

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, particularly with our ongoing missions in Afghanistan and Iraq. Men and Women civilian employees of the Corps from across the Nation – all volunteers; and many of them have served on multiple deployments – continue to provide critical support to our military missions there and humanitarian support to the citizens of those nations.

CONCLUSION

The FY2015 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.