

DEPARTMENT OF THE ARMY

WRITTEN STATEMENT

OF

THE HONORABLE JO-ELLEN DARCY

ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

BEFORE

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE FISCAL YEAR 2017 BUDGET

FOR THE ARMY CORPS OF ENGINEERS, CIVIL WORKS

February 26, 2016

Thank you Chairman Simpson and distinguished members of the subcommittee for the opportunity to present the President's Budget for the Civil Works program of the Army Corps of Engineers for fiscal year (FY) 2017. We are pleased to have an opportunity to further expand on the Administration's priorities and goals. Those priorities include promoting resilient communities to address current and future impacts of climate change and sea level rise; fostering and maintaining strong partnerships with local communities; and practicing sustainability and sound stewardship across all our missions. I also want to take this opportunity to touch on points that this Committee has raised in the past.

This year's Civil Works Budget reflects the Administration's priorities through targeted investments in the Nation's water resources infrastructure that will reduce flood risk to communities; facilitate commercial navigation; and restore degraded aquatic ecosystems.

The 2017 Civil Works Budget provides \$4.62 billion in discretionary appropriations for the Army Civil Works program, focusing on investments that will yield high economic and environmental returns or address a significant risk to safety.

The Budget focuses on funding our three major mission areas:

- 42 percent of funding is allocated to commercial navigation,
- 26 percent to flood and storm damage reduction,
- And 8 percent to aquatic ecosystem restoration.

Other practical, effective, sound investments include allocating \$196 million of the Budget to hydropower, \$200 million to regulatory activities, and \$103 million to the clean-up of sites contaminated during the early years of the Nation's nuclear weapons program.

The Civil Works program, which this Budget supports, relies on the strong relationships between the Corps and local communities; these strong relationships allow us to work together to meet their water resources needs across all of our missions, as well as to address broader water resources challenges that are of concern at the national or regional level.

The Budget supports a Civil Works program that has a diverse set of tools and approaches to working with local communities, whether this means funding studies and projects with our cost-sharing partners, or providing planning assistance and technical expertise to help communities make better-informed decisions.

PLANNING MODERNIZATION

The Budget supports the continued implementation of Corps efforts to modernize its planning process. The Budget provides funding in the Investigations account for 49 feasibility studies, and funds 12 of them to completion.

The Budget reflects full implementation of the SMART (Specific, Measurable, Attainable, Risk Informed, Timely) planning initiative, under which each feasibility study is to have a scope, cost, and schedule that have been agreed upon by the District, Division, and Corps Headquarters. The Budget supports efficient funding of these studies.

Studies generally are funded with the presumption that they will complete in three years and for \$3 million (\$1.5 million Federal). In the first year, the Corps will work to identify the problem, develop an array of alternatives, and begin the initial formulation. The bulk of the study costs are anticipated to be incurred during year two, as the alternatives are narrowed down and a Tentatively Selected Plan is identified, which requires more detailed feasibility analysis and formulation. During the third year, the focus is on completing the detailed feasibility analysis, state and agency review, and finalizing the Chief's Report. There are some exceptions to this funding stream, such as where an increase in the study cost or an extension in the study schedule is appropriate based on factors such technical complexity, public controversy, the need for more detailed work to address a specific issue, or the overall cost of a proposed solution.

Over the past three years, the Corps began 29 new studies and resumed 10 studies. The FY 2017 Budget focuses on managing these and other ongoing studies and bringing them to a conclusion. It includes funding for 14 studies and three preconstruction engineering and design efforts previously funded only through the annual Corps work plans. Among the studies budgeted for the first time this year are two of the feasibility studies that were recommended as focus areas in the North Atlantic Coast Comprehensive Study, nine studies that are starting in FY 2016, and three disposition studies under the Disposition of Completed Projects remaining item.

The Water Resources Priorities Study is one of the 10 studies started in the FY 2016 work plan. This 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 will then examine the effectiveness of existing Federal, State, and local programs, and develop recommendations to improve these programs to reduce the economic and life safety risk associated with large-scale flood and storm events in ways that will also promote the long-term sustainability of communities and ecosystems.

The Budget also helps to further combat the spread of invasive species by its proposals for funding work associated with the Great Lakes and Mississippi River Interbasin Study (GLMRIS). The Budget supports efforts to reduce the risk of interbasin transfer of aquatic nuisance species through the Chicago Area Waterway System (CAWS) in the vicinity of Brandon Road Lock and Dam. The Brandon Road effort will assess the viability of establishing a single point to control the one-way, upstream transfer of aquatic nuisance species from the Mississippi River basin into the Great Lakes basin

near the Brandon Road Lock and Dam located in Joliet, Illinois. The Budget includes funding to continue this effort.

Among the 12 feasibility studies funded to completion is the Mississippi River Hydrodynamic Model – Delta Management Study under the Louisiana Coastal Area Ecosystem Restoration Program. This greater than \$25 million study effort will identify options to address the long-term sustainability of the lower Mississippi River Deltaic Plain and provide a model to assess the effects on navigation and sediment dynamics along the Mississippi River main stem associated with combinations of Mississippi River diversions.

Investigation funds are also provided to continue to support State and local flood risk mitigation priorities through the “Silver Jackets” program. The Corps currently supports participation on “Silver Jackets” team in 44 states and the District of Columbia through which technical assistance activities are being implemented that support State and local community flood risk and floodplain management priorities.

CONSTRUCTION

The Budget for the construction program includes funds to complete six construction projects, continue 27 ongoing projects, and start one new project. The one new construction project, Mud Mountain Dam in Washington State, involves construction of a fish passage facility to address a Biological Opinion.

Flood and Storm Damage Reduction

The Budget includes \$404 million for flood and storm damage reduction projects and remaining items, and funds the American River Watershed (Folsom Dam Modification), CA project and the Topeka, KS project to completion.

Over the last several years, Congress has funded the dam safety program at a lower level than the Budget, based on revisions of capabilities that the Corps has provided to Congress subsequent to the Budget submission. These revisions - often but not always showing a lower capability than requested in the Budget - are caused by a variety of factors, including savings from contract awards, process efficiencies, and changed conditions. The Budget includes \$239 million (not including \$21 million for the Dam Safety remaining item) for the dam safety program that, when coupled with anticipated unobligated carryover balances on these important projects, will ensure that each of the Dam Safety Action Classification (DSAC) I and DSAC II projects funded in the Budget is able to progress efficiently and effectively to implement a risk reduction strategy for these structures.

Coastal Navigation

The Budget includes \$105 million for coastal navigation and remaining items and funds the Oakland Harbor, CA (50-foot Deepening) project and the Delaware River

Deepening, NJ, PA, & DE project to completion. The Savannah Harbor Expansion Project, GA project is funded at \$42.7 million, which is over a 100% increase from the FY 2016 Budget. The Columbia River at the Mouth, OR & WA project is funded at a level that will enable efficient progress toward mitigating the life safety risk that is presented by the deteriorated jetties.

Inland Navigation

The Budget funds inland waterways construction and remaining items at \$246 million, of which \$33.75 million will be financed through the Inland Waterways Trust Fund (IWTF) for the Olmsted Locks and Dams, IL & KY project, which at \$225 million is funded at the highest amount ever budgeted for this project. With the passage of the Water Resources Reform and Development Act of 2014 (WRRDA 2014), the Olmsted Locks and Dam, Ohio River, Illinois and Kentucky project is now cost-shared 85 percent General funds and 15 percent IWTF. This change reduced the cost of this project to the navigation users by around \$500 million, and increased the amount that Federal taxpayers will have to pay by an equivalent amount. In the ABLE Act, the Congress also increased the tax on diesel fuel used in commercial transportation on certain of the inland waterways. As a result of both of these changes, over the next few years there will be somewhat more money in the IWTF to support the user-financed share of inland waterways capital investments.

The Administration – as it has in recent years – will propose legislation to reform the way that we finance capital investments for navigation on the inland waterways. The Administration’s proposal includes a new user fee to produce additional revenue to help finance long-term future investments in these waterways to support economic growth. We would like to work with the Congress to enact this legislation.

The Corps is also finalizing a Capital Investment Strategy for the inland waterways. The Corps has coordinated this effort with stakeholders and the Inland Waterways Users Board to provide an opportunity for their input. The process will include an estimate of the investment need over the next 20 years and objective nationwide criteria to provide a framework for deciding which capital investments should have priority for funding from a national perspective. While this Strategy will provide a benchmark, it is a conceptual plan and does not take the place of normal Budget processes or commit the Government to future actions.

Aquatic Ecosystem Restoration

The Corps continues to contribute to the Nation’s efforts to restore degraded environments; to that end, the Budget for the Corps funds restoration of several large aquatic ecosystems that have been a focus of interagency collaboration, including the California Bay-Delta, the Chesapeake Bay, the Everglades, the Great Lakes, and the Gulf Coast. Other funded efforts include the Columbia River, and priority work in the Upper Mississippi and Missouri Rivers.

OPERATION AND MAINTENANCE

The Budget provides \$2.705 billion for Operation and Maintenance, with \$1.122 billion for operation and \$1.414 billion for maintenance, and an additional \$169 million for remaining items. This encompasses a wide range of activities, from operating and maintaining our locks and dams to monitoring the condition of dunes and berms that reduce the risk of flooding in a hurricane from wave action and storm surges, running the Corps recreation facilities that are visited by millions of Americans each year, and helping us be responsible stewards of the lands associated with Corps projects and operate them in an increasingly sustainable fashion.

For example, the Budget helps us maintain and improve our efforts on sustainability. We are reducing the Corps' carbon footprint by:

- increasing renewable electricity consumption,
- reducing greenhouse gas emissions, and
- reducing non-tactical vehicle petroleum consumption.

We are also making important investments to promote the sustainable management of Corps-owned lands, waters and cultural resources. The Budget provides \$9.6 million to update 24 Master Plans and initiate work on 26 others that govern how we manage our facilities, which will help us make better decisions about how to use the land and keep it healthy; \$12 million to address impacts from invasive plants and animals at Corps facilities; and \$6.9 million for enhancements and protections for habitat in support of the National Strategy to Promote the Health of Honey Bees and other Pollinators.

The Budget also provides \$35.5 million for the levee safety program, which will help ensure that Federal levees are safe and in line with the Federal Emergency Management Administration standards.

The overall condition of the inland waterways has continued to improve over the last few years. The number of lock closures due to preventable mechanical breakdowns and failures lasting longer than one day and lasting longer than one week has decreased significantly since FY 2010. However, the lock closures that do occur result in additional costs to shippers, carriers, and users. That is why the Budget continues to provide a high level of funding to operate and maintain the inland waterways, with emphasis on those that together carry 90 percent of the commercial traffic.

Harbor Maintenance Trust Fund

The Budget provides \$951 million from the Harbor Maintenance Trust Fund (HMTF) to maintain coastal channels and related work, which is the highest amount ever budgeted. This includes almost 11 percent for Great Lakes harbors, 10 percent for emerging harbors, \$856 million from the O&M Account, \$2 million from the Mississippi River & Tributaries account, and \$65 million from the Construction account.

RESEARCH AND DEVELOPMENT

Research, Development, and Technology is a component of the Science and Technology portfolio of the Corps and continues to address key strategic technology needs to inform policy-making and business processes. The FY 2017 Budget includes \$18.1 million for research and development. This funding will be used to extend the service life of water resources infrastructure through research, use of novel materials, and technology transfer. The Research, Development, and Technology program enhances our capabilities to facilitate marine transportation, assist flood and coastal storm preparation and recovery efforts, restore aquatic ecosystems, pursue sustainable environmental management, and respond to changing environmental conditions.

REMAINING ITEMS

The Budget includes \$276 million for remaining items, including \$55 million in the Investigations account, \$44 million in the Construction account, \$169 million in the Operation and Maintenance account, and \$8 million in the Mississippi River and Tributaries Account.

Annual funding for these remaining items is determined based on current needs, such as the increased focus on technical assistance to States and local communities to improve resilience to climate change.

REGULATORY PROGRAM

The Budget includes \$200 million for the Regulatory program.

ALTERNATIVE FINANCING AND PUBLIC-PRIVATE PARTNERSHIPS

As part of looking to the future of the Army's Civil Works program, we continue to consider potential tools to expand and strengthen our already strong partnerships, especially in the area of Alternative Financing. As part of this effort, we are actively talking with potential non-Federal partners about their ideas for how we can work together and soliciting suggestions and best practices from others in the Federal government with experience in this area.

Increasingly, some non-Federal sponsors have been contributing or advancing funds for work that is authorized to be funded at Federal expense. In such cases, the project beneficiaries assume more (or all) of the cost. Before entering into an agreement to accept such funds, the Corps carefully evaluates its overall workload to ensure that execution of the proposed work will not adversely affect our directly-funded programs, projects and activities.

VETERANS CURATION PROGRAM

Finally, this Budget provides \$6.5 million for the Veterans Curation Program, which was started in 2009 with support from the American Recovery and Reinvestment Act. This program offers veterans the opportunity to learn tangible work skills and gain experience by rehabilitating and preserving federally owned or administered archaeological collections found at Corps projects.

Thank you all for attending today. General Bostick will provide further remarks on the Army Corps of Engineers 2017 Budget.