

DEPARTMENT OF THE ARMY

COMPLETE STATEMENT

OF

**THE HONORABLE JO-ELLEN DARCY
ASSISTANT SECRETARY OF THE ARMY
(CIVIL WORKS)**

BEFORE

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

UNITED STATES SENATE

ON

**THE ARMY CIVIL WORKS PROGRAM
FISCAL YEAR 2013**

MARCH 28, 2012

Madam 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) 2013.

OVERVIEW

The FY 2013 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, navigation investments in support of both domestic and global trade, restoration of ecosystems affected by past water resources development, and support of Administration initiatives such as America's Great Outdoors and the Clean Water Framework. These investments will generate American jobs, contribute to a stronger economy, improve reliability and efficiency of waterborne transportation, reduce flood risks to businesses and homes, and provide low-cost renewable hydropower. In addition, investment in the restoration of significant aquatic ecosystems and the remediation of sites associated with the Manhattan Project of the 1940s will not only provide important benefits, but also support 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 commercial harbors and waterways in the Nation.
- Modernize financing of capital investments on inland waterways by establishing a new user fee.
- Restore large ecosystems such as the California Bay-Delta, Chesapeake Bay, the Everglades, Great Lakes, and Gulf Coast.
- Invest in improvements to the Corps regulatory program that will provide greater efficiency, providing benefits to businesses and more protection to regulated wetlands and small streams.
- Provide significant funding for dam and levee safety, including interim risk reduction measures designed to immediately mitigate risk at the highest risk dams, and continue funding to advance the Corps' national levee safety initiative to help improve the safety of Federal levees and to provide available levee data on levee safety issues to non-federal entities.
- Support the modernization of Federal water resources infrastructure processes to address 21st Century water resources needs through improvements to policies and procedures that govern Federal water resources development and strategies for

both managing the Nation's aging infrastructure and restoring aquatic ecosystem functions affected by past investments.

- Increase the organizational efficiency and improve the management, oversight, and performance of ongoing programs.

The Budget funds the planning, design, construction, operation and maintenance of projects, and focuses on the three main Civil Works mission areas: commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration. The Budget also supports programs that contribute to the protection of the Nation's waters and wetlands; the generation of low-cost renewable hydropower; 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.

FY 2013 DISCRETIONARY FUNDING LEVEL

The Budget for FY 2013 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 President Obama's commitment to put the country on a sustainable fiscal path, while continuing to invest in those efforts that are a priority for the Nation, the Budget includes \$4.731 billion in discretionary appropriations for the Army Civil Works program. This represents a reduction of \$271 million, or about 5%, from the 2012 enacted level, but is a \$100 million above the President's FY 2012 Budget. The FY 2013 funding level reflects a considered, practical, effective, and sound use of the Nation's financial resources.

Within the \$4.731 billion recommended appropriations, \$1.47 billion is for projects in the Construction account, and \$2.398 billion is for activities funded in the Operation and Maintenance (O&M) account. The Budget also includes \$102 million for Investigations; \$234 million for Mississippi River and Tributaries; \$30 million for Flood Control and Coastal Emergencies; \$205 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 2013 Budget continues the Army's commitment to a performance-based approach to budgeting to provide the best overall return from available funds from a national perspective in achieving economic, environmental, and public safety objectives. Competing investment opportunities for studies, design, construction, and operation and maintenance were evaluated using multiple metrics, and objective performance criteria guided the allocation of funds.

The FY 2013 Budget supports investments in commercial navigation, flood risk management, aquatic ecosystem restoration, and other programs. The distribution of funding among these programs is similar to the distribution in the FY 2012 Budget, except for an 11% increase in investments in support of waterborne transportation. Of the total in the FY 2013 Budget, 30 percent is allocated to flood risk management activities; 37 percent is allocated to commercial navigation; and 33 percent to environmental, hydropower, and other activities. Five flood risk management projects, three navigation projects, one hydropower project, and 18 studies are funded to completion in this Budget.

NEW INVESTMENTS IN FY 2013

The Civil Works budget includes funding for three high-performing construction new starts and six new study starts, and a new activity to focus on reducing the vulnerability of Civil Works projects to extreme natural events.

In the Construction account, parallel to the recommendation for FY 2012, the budget includes \$7.5 million for the Hamilton City project in California, which will provide environmental restoration and flood damage reduction benefits in the Bay-Delta area; \$16.8 million for the Louisiana Coastal Area Ecosystem Restoration program, a nationally significant and urgent effort to both restore habitat and protect the important Louisiana Gulf region from the destructive forces of storm driven waves and tides, which will complement the ongoing Federal effort under the Coastal Wetlands Planning, Protection, and Restoration Act, as amended; and \$2 million for the Lower Colorado River Basin, Onion Creek, Texas, project, which will significantly reduce the risk of flood damages using non-structural solutions.

There are six new studies in the Investigations account, five of which were recommended in FY 2012. These six studies are: an important new reconnaissance study for fish passage at Englebright and Daguerre Point Dams on the Yuba River in California for \$100,000; environmental restoration and flood damage reduction at Cano Martin Pena in Puerto Rico for \$100,000; the Chesapeake Bay Comprehensive Plan for \$250,000; the Louisiana Coastal Area Comprehensive Plan for \$100,000; and the national Water Resources Priorities Study for \$2 million. The FY 2013 Budget also includes \$100,000 for a new study of the Houston Ship Channel, Texas.

The Water Resources Priorities Study will establish a baseline assessment of the Nation's flood risks on both national and regional scales, improve existing programs, and reduce future costs by focusing on which ongoing and future investments will best reduce flood risks. The \$8 million for new line-item called Reducing Civil Works Vulnerability in the Operation and Maintenance account will aid the Corps in creating a more robust Civil Works infrastructure.

Within the Floodplain Management Services Program, \$3 million is recommended to evaluate the potential for and encourage the use of nonstructural alternatives and actions during post-disaster recovery decision-making. With these funds, the Corps would leverage the expertise of intergovernmental teams known as Silver Jackets to provide selected technical services and support States and communities in the development and implementation of actions to reduce flood risks, with an emphasis on nonstructural alternatives.

INFRASTRUCTURE MODERNIZATION

The Administration is developing and considering proposals to serve as the foundation of a comprehensive water resources infrastructure modernization initiative, which will help the Federal government support a 21st century water resources infrastructure. In considering and developing these new policies, procedures, and strategies, the Administration will continue to engage and collaborate with Congress and the many stakeholders whose interests are tied to the Nation's water infrastructure, including State, local, and Tribal governments.

NAVIGATION

The Budget includes a high level of investment in support of domestic and global waterborne transportation, especially at coastal ports that support the greatest national economic activity. On the inland waterways, the Budget focuses on maintaining reliable service at those 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. Funding to operate and maintain the Mississippi River, Baton Rouge to the Gulf project is \$82 million, a significant increase above the \$68 million requested for FY 2012.

The Budget provides \$68 million to continue deepening the New York and New Jersey Harbor project in order to complete construction by FY 2014. The Budget also includes \$38 million to construct dredge material placement sites at several deep draft ports to provide additional capacity for the maintenance of these projects in the future. It provides \$12 million to continue studies and designs at coastal ports, including several proposals to deepen existing channels to accommodate Post-Panamax commercial shipping.

The Budget also provides for use of \$848 million from the Harbor Maintenance Trust Fund to maintain coastal channels and harbors. This is a 12% increase over the FY 2012 Budget and the highest amount ever proposed in a President's Budget for use of receipts in the Harbor Maintenance Trust Fund.

Inland waterway capital investments are funded at \$201 million, of which \$95 million will be derived from the Inland Waterways Trust Fund. This is the amount that is affordable within the projected level of revenue to this trust fund under existing law. In September 2011, as part of his Jobs Bill proposal, President Obama transmitted to Congress a proposal to modernize financing of capital investments on the Nation's inland waterways. The proposal includes increasing the revenue paid by commercial navigation users sufficiently to meet their share of the costs of capital development activities financed from the Inland Waterways Trust Fund. A new vessel user fee would supplement the existing fuel tax. The Administration will continue to work with Congress and stakeholders to enact such a mechanism to increase revenue to this trust fund, in order to enable a significant increase in funding for high-performing inland waterway capital investments in the future.

FLOOD RISK MANAGEMENT

Through both structural and non-structural measures, the flood risk management program serves as a vehicle to reduce the risk to human safety and property from riverine and coastal flooding. The FY 2013 Budget provides \$1.4 billion for the flood risk management program, including \$492 million that is directed at dam and levee safety.

This flood risk management program also includes \$41 million to continue the comprehensive levee safety initiative to assess the conditions of Federal levees and help ensure that they are safe. These funds will also enable the Corps to better assess 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.

In addition to this funding in the flood risk management program, the Budget includes \$40.2 million in the navigation program to address dam safety issues at two navigation dams (Locks and Dams 2,3,4, Monongahela River, Pennsylvania, and Lockport Lock and Dam, Illinois).

AQUATIC ECOSYSTEM RESTORATION

The FY 2013 Budget reflects a continuing effort by the Corps and other Federal agencies to collaborate developing a unified budget proposal, which reflects the Nation's priorities for restoring its most significant aquatic ecosystems. 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 \$161 million to efficiently fund the ongoing South Florida Ecosystem Restoration Program, which includes the Everglades, consisting of \$153 in the Construction account and \$8 million in the Operation and Maintenance account. It also supports several major ecosystem-wide initiatives, by providing a total of \$81 million in the aquatic ecosystem restoration program in support of the Federal efforts in the California Bay-Delta, Chesapeake Bay, the Great Lakes, and the Gulf Coast.

The Budget includes \$98 million for the Columbia River Fish Mitigation program, an ongoing effort to reduce the adverse impacts of a series of Corps dams on migrating 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 \$90 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, such as 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, protracted feasibility studies to assure that studies are scoped appropriately and to focus limited resources on studies with the highest probability of leading to high performing projects. 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 2013 Budget includes \$4 million for the national 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 provide for more stable, capable national planning centers of expertise.

REGULATORY PROGRAM

The Budget includes \$205 million for the Regulatory Program, which is a \$9 million increase above the FY 2012 Budget. This funding increase is one of the Army's priorities. It will support a transparent and timely permit review process, bringing greater program efficiency and customer service. It will enable the Corps to better protect high-value aquatic resources, enable more timely business planning decisions, and support sustainable economic development.

VETERANS CURATION PROJECT

The FY 2013 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 Augusta, Georgia; St. Louis, Missouri; and Washington, D.C. This project will contribute to the goals of the President's recently announced Veterans Job Corps.

AMERICAN RECOVERY AND REINVESTMENT ACT

The American Recovery and Reinvestment Act provided \$4.6 billion for the Civil Works program. That amount includes \$2 billion for Construction; \$2.1 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 applied ARRA funds to more than 800 projects across the Nation.

The Army is proud to report that 99.8% of the ARRA appropriations for Civil Works are obligated, and more than 87% of the funds have been outlaid to date. These investments helped create or maintain direct construction industry jobs, jobs in firms supplying or supporting construction work and the businesses that sell goods and services to these workers and their families.

CONCLUSION

In summary, the President's FY 2013 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 returns for the Nation and its citizens.

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

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