

**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 SENATE**

**ON**

**THE ARMY CIVIL WORKS PROGRAM**

**JUNE 18, 2009**

Chairman Dorgan, Senator Bennett, 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 2010.

## **OVERVIEW**

In developing this budget, we sought to achieve four principal objectives:

- Focus construction funds on those investments that provide the best return from a national perspective in achieving economic, environmental and public safety objectives;
- Support the safe and reliable operation and maintenance of key existing water resources infrastructure;
- Improve Corps project planning and program performance; and
- Advance aquatic ecosystem restoration efforts, including restoration of Louisiana's coastal wetlands and Florida's Everglades.

The Budget provides funding for development and restoration of the Nation's water and related resources within the 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 2010 DISCRETIONARY FUNDING PROGRAM**

The total discretionary funding of \$5.125 billion in the FY 2010 Budget is the highest amount ever requested by the President for the Civil Works program.

Within this total, \$1.718 billion is budgeted for projects in the Construction account. The Budget provides \$2.504 billion for activities funded in the Operation and Maintenance (O&M) account.

The FY 2010 Budget also includes \$100 million for Investigations; \$248 million for Flood Control, Mississippi River and Tributaries; \$41 million for Flood Control and Coastal Emergency; \$190 million for the Regulatory Program; \$134 million for the Formerly Utilized Sites Remedial Action Program; \$184 million for the Expenses account and \$6 million for the Office of the Assistant Secretary for Civil Works.

Enclosure 1 displays the current estimate for the distribution of FY 2010 discretionary funding among eight appropriation accounts, eight program areas plus executive direction and management, and five funding sources including the general fund of the Treasury and trust funds. Enclosure 2 is a crosscut between appropriation accounts and program areas.

The FY 2010 Budget for the Civil Works program supports high performing new studies and construction starts.

The Budget funds three new watershed studies: Green River Watershed, Kentucky; Ocmulgee River Watershed, Georgia; St. Louis Watershed, Missouri; and a study addressing Access to Water Data. The Budget also includes \$2 million for a high-priority, interagency evaluation of the Nation's vulnerability to damage from flooding, the Water Resources Priorities study, as authorized in section 2032 of the Water Resources Development Act of 2007 (WRDA 2007).

The Budget also includes funding for five construction starts, namely Napa River Salt Marsh Restoration, California; Kansas City's, Missouri and Kansas flood damage reduction project; Washington, D.C. and Vicinity flood damage reduction project; Norfolk Harbor, Craney Island, VA; and the Bridges at Deep Creek, Virginia project on the Atlantic-Intracoastal Waterway.

### Restoring Louisiana Gulf Coast Wetlands

For FY 2010, the allocation for the Louisiana coastal area (LCA) has been increased by \$5 million, from \$20 million to \$25 million in the Investigations account. Over 1 million acres of Louisiana's coastal wetlands have been lost since the 1930's; another one-third of a million acres could be lost over the next 50 years unless large-scale corrective actions are taken. A 10-year plan of studies, projects and science support was developed through a public involvement process, and working closely with other Federal agencies and the State of Louisiana. All construction activities under the plan will be subject to approval of feasibility level of detail documents by the Secretary of the Army. The increased funding level for FY 2010 includes \$20 million for the LCA ecosystem restoration program and reflects an accelerated schedule arising from section 7006(e)(3) of WRDA 2007. The FY 2010 amount also includes \$5 million for the science needed to support the ongoing effort to restore the complex coastal wetland and barrier island ecosystem of coastal Louisiana.

### Storm Damage Reduction for the Louisiana Coast

The Investigations account includes \$3 million for completion and review of the ongoing Louisiana Coastal Protection and Restoration (LACPR) study. The final LACPR Technical Report is scheduled to be completed at the Corps District level in late FY 2009. Funding included in the FY 2010 budget will be used to refine and integrate LACPR findings and outputs regarding alternative trade-offs, and coastal landscape contributions to risk management, with ongoing Hurricane Storm Damage Reduction projects and Coastal Protection and Restoration projects and to delineate comprehensive plans for higher levels of storm surge risk reduction.

### Everglades

In partnership with the South Florida Water Management District and the National Park Service, the Corps is working to restore much of the unique natural ecosystem value to the Everglades. The objective of the South Florida Ecosystem Restoration Program is to restore, protect and preserve the south Florida ecosystem, including the Everglades, while providing for other water related needs of the region. In order to move the program forward, the Budget for the Corps provides \$214 million for FY 2010, an increase of \$91 million above the amount appropriated in FY 2009. Within this amount, the Budget would initiate or advance construction of the three authorized projects in the Comprehensive Everglades Restoration Plan: Picayune Strand, Site One Impoundment, and Indian River Lagoon – South.

## **INLAND WATERWAYS LEGISLATION**

The Budget proposes enactment of legislation to authorize a lock usage fee, which would over time replace the diesel fuel tax now paid by most commercial users of the inland and intracoastal waterways. This proposed legislation will improve the way that the Nation raises the revenue needed to cover the non-Federal share of the capital costs of inland and intracoastal waterways projects. The balance in the Inland Waterways Trust Fund (IWTF), which affects the Government's ability to finance the non-Federal portion of Federal capital investment in these waterways, has been declining since FY 2002. The legislation will raise more revenue from the users and will do so in a way that improves economic efficiency compared to the existing fuel tax, by more closely aligning the costs of those who use the Corps locks for commerce with the capital costs that the Corps incurs on their behalf. The Administration stands ready to work with the Congress and stakeholders with interest in these capital investments to help pass and implement this proposal. The amount provided in the FY 2010 Budget for construction and rehabilitation of projects on the inland waterway system, \$85 million, has been constrained to ensure that necessary funding will be available in the IWTF under current law, in the event that the proposed legislation is not in place prior to the beginning of FY 2010.

## **OTHER INITIATIVES**

### Response to Climate Change at Corps Facilities

The Corps is working, along with other Federal agencies, to address the implications of climate change, which has the potential to affect the way in which the Corps manages its projects. The FY 2010 Budget includes \$5 million in the O&M account to initiate a program to develop and begin implementing practical, nationally consistent, and cost-effective approaches and policies to reduce potential vulnerabilities to water infrastructure resulting from climate change.

### Nationwide Evaluation of Hydropower Rehabilitation

The Budget includes \$2 million in the O&M account to conduct a nationwide assessment of the Corps hydropower program. This initiative will help to develop a long-term programmatic investment strategy based on a national approach to prioritizing hydropower replacement studies and projects.

### Low Commercial Use Navigation Pilot Project

The Budget emphasizes the safe and reliable operation of key infrastructure assets that are of central importance to the nation, including federally maintained channels and harbors that support high volumes of commercial commerce. From a national perspective, projects that no longer carry significant commercial traffic nor serve to meet subsistence or safety needs have a lower priority. However, many of these low commercial use projects remain important locally to the people that they serve.

The FY 2010 Budget includes a \$1.5 million pilot project in the O&M account to develop and encourage alternate non-traditional ways to fund maintenance of low commercial use harbors and waterways. The pilot project would focus on the Atlantic Coast and Chesapeake Bay in the North Atlantic and South Atlantic Divisions of the Corps. It will identify the universe of Federal harbors and inland waterway segments that support lower levels of commercial use and their respective non-Federal sponsors. The project will also formulate a range of possible long-term options for the funding and management of such facilities, evaluate the pros and cons of these options, and examine their applicability to the various types of low use navigation projects. This initiative also envisions that more regional general permits will be developed through the Corps' Regulatory Program to streamline efforts by non-federal entities to accomplish the maintenance of these channels harbors.

## **PLANNING IMPROVEMENTS AND PERFORMANCE-BASED BUDGETING**

The Army continues working through the Chief of Engineers 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. These efforts have already begun and will ultimately improve all of our project reports.

The FY 2010 Budget continues the Civil Works program's commitment to a performance-based approach to budgeting. 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 its many competing construction projects in order to establish priorities among them and to guide the allocation of funds to high-performing ongoing projects and high-performing new construction starts. These guidelines focus construction funds on those investments within the 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 2010 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 2010.

In FY 2010 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 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 American Recovery and Reinvestment Act provided \$4.6 billion for the Civil Works program. That amount included \$2 billion for the Construction account; \$2.075 billion for O&M account; \$375 million for Flood Control, 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. Economists estimate the Corps' Recovery Act appropriation will create or maintain approximately 57,400 direct construction industry jobs and an additional 64,000 indirect and induced jobs in firms supplying or supporting the construction and the businesses that sell goods and services to these workers and their families.

The Corps will manage and expend these funds so as to achieve the Recovery Act's stated purposes, including both commencing expenditures as quickly as possible consistent with prudent management and investing in infrastructure and ecosystem restoration that will provide long-term benefits. The Civil Works allocations also are fully consistent with the President's direction provided in the Executive Memorandum of 20 March 2009 – Ensuring Responsible Spending of Recovery Act Funds. In that Memorandum, the President directed agencies to ensure that Recovery Act funds are spent responsibly and transparently and that projects are selected on merit-based principles.

Moreover, the Civil Works allocations are consistent with additional project selection criteria provided in the Conference Committee report accompanying the Act that projects, programs or activities that are accomplished with Recovery Act dollars will be obligated and executed quickly; will result in high, immediate employment; have little schedule risk; will be executed by contract or direct hire of temporary labor; and will complete a project phase, a project, an element, or will provide a useful service that does not require additional funding. Also as stipulated in the Recovery Act, no funds will be used for any PPA that, at the time of the obligation, has not received appropriations provided for Energy and Water Development.

The Corps selected approximately 170 activities in the Construction account, 520 in the Operation and Maintenance account, 45 in the Mississippi and Tributaries account, 70 in the Investigations account, and nine in the FUSRAP account. These activities mostly involve the funding of work under a single contract, though in some cases projects or useful increments of projects will be completed.

The wide geographic distribution of projects spreads the employment and other economic benefits across the United States. Funding also is distributed across Civil Works programs to provide the nation with project benefits related to inland and coastal navigation, the environment, flood risk management, hydropower, recreation, and more.

## **CONCLUSION**

The Administration has made rebuilding America's infrastructure a priority. Through resources provided for the Army Civil Works program in the President's Budget for FY 2010, the Corps can help achieve this objective. We seek to apply 21<sup>st</sup> century technological advances to present day challenges, while protecting and restoring significant ecological resources.

Mr. Chairman, I am proud to support the FY 2010 budget for the Army Civil Works program. I look forward to working with this Subcommittee and to your support of the President's Budget proposals. Thank you.

ENCLOSURE 1  
DEPARTMENT OF THE ARMY  
CORPS OF ENGINEERS – CIVIL WORKS BUDGET SUMMARY, FY 2010

<u>Requested New Appropriations by Account:</u>	<u>Amount (\$)</u>
Investigations	100,000,000
Construction	1,718,000,000 1/
Operation and Maintenance	2,504,000,000 2/
Regulatory Program	190,000,000
Mississippi River and Tributaries	248,000,000
Expenses	184,000,000
Flood Control and Coastal Emergencies	41,000,000
Formerly Utilized Sites Remedial Action Program	134,000,000
Office of the Assistant Secretary	<u>6,000,000</u>
TOTAL	5,125,000,000
<u>Sources of New Appropriations:</u>	
General Fund	(4,204,000,000)
Harbor Maintenance Trust Fund	(793,000,000)
Inland Waterways Trust Fund	(85,000,000)
Special Recreation User Fees	<u>(43,000,000)</u>
TOTAL	(5,125,000,000)
<u>Additional New Resources:</u>	
Rivers and Harbors Contributed Funds	369,000,000 3/
Coastal Wetlands Restoration Trust Fund	86,000,000 4/
<u>Permanent Appropriations</u>	<u>9,000,000</u>
TOTAL ADDITIONAL NEW RESORCES	464,000,000
TOTAL PROGRAM FUNDING	\$5,589,000,000

1/ Includes \$85,000,000 from the Inland Waterways Trust Fund;

2/ Includes \$793,000,000 from the Harbor Maintenance Trust Fund and \$43,000,000 in Special Recreation User Fees;

3/ Cost Sharing contributions required by law for budgeted work financed 100 percent by non-Federal interest;

4/ Transferred from the Sport Fish Restoration Account of the Aquatic Resources Trust Fund for planning, protection, and restoration of coastal wetlands in the state of Louisiana;