

DEPARTMENT OF THE ARMY

**WRITTEN STATEMENT
OF**

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ASSISTANT SECRETARY OF THE ARMY
FOR CIVIL WORKS**

BEFORE

**COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
UNITED STATES SENATE**

ON

**THE FISCAL YEAR 2019 BUDGET
FOR THE ARMY CORPS OF ENGINEERS, CIVIL WORKS**

April 18, 2018

Thank you Chairman Alexander 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) 2019. The Budget funds the development, management, restoration, and protection of the Nation's water, wetlands, and related resources, through studies, the construction, operation and maintenance of projects, the Corps' regulatory program, the cleanup of certain sites contaminated as a result of the Nation's early atomic weapons development, and emergency response preparedness.

The FY 2019 Army Civil Works Budget reflects the Administration's priorities. It provides \$4.785 billion for this program, focusing on investments that will yield high economic and environmental returns or address a significant risk to public safety. These investments will enable communities to reduce their flood risk, facilitate waterborne transportation, restore significant aquatic ecosystems, and generate low-cost renewable hydropower. The Budget focuses on the highest performing work within the three main missions of the Corps: commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration.

The Civil Works Program, which this Budget supports, relies on a foundation of strong relationships between the Corps and local communities, that enable us to work together to help meet their water resources needs. The Budget supports a Corps program that uses a diverse set of tools and approaches to working with local communities, whether this means funding projects where they pay a share of the costs, or providing planning assistance and technical expertise to help them make better informed decisions. The Budget funds Corps participation in national and international conversations on how to best address our water resources challenges and helps us maintain and improve our efforts on resiliency and sustainability – one of the challenges associated with the ways that we have used our water resources.

The Budget also focuses on maintaining the vast water resources infrastructure that the Corps owns and manages, and on finding innovative ways to rehabilitate it or hand it over to others. These goals will be met, for example, by funding capital investment in the inland waterways, and by establishing – as proposed in the Budget – an annual fee to support this infrastructure investment and economic growth. This proposal will help finance the users' share of future capital investment, as well as 10 percent of the operation and maintenance cost, associated with these waterways. The Budget also proposes to divest the Washington Aqueduct, which is the wholesale water supply system for Washington, D.C.; Arlington County, Virginia; the City of Falls Church, Virginia; and parts of Fairfax County, Virginia.

In addition, the Budget proposes needed revisions to the appropriations language for the Construction, Operation and Maintenance, and Mississippi River and Tributaries accounts and the Harbor Maintenance and Inland Waterways Trust Funds to enable greater transparency in how these funds are budgeted and spent.

The Budget provides \$4.8 billion in discretionary funding for the Civil Works program, including approximately \$1.9 billion to support commercial navigation; \$1.5 billion for flood and storm damage reduction; and \$224 million for aquatic ecosystem restoration.

The Budget allocates these funds based on performance. For example, it gives priority to coastal harbors and inland waterways with the most commercial traffic, but also funds the maintenance of channels at small ports that support significant commercial fishing, subsistence, or public transportation benefits. Similarly, the Budget invests in safety improvements at Corps dams based on an assessment of the risk, considering the consequences of the most likely failure modes.

Under its navigation program, the Corps maintains approximately 12,000 miles of inland waterways with 218 locks at 176 sites; approximately 300 deep-draft and 600 shallow-draft Great Lakes and coastal ports extending 13,000 miles and include 23 locks at 19 sites; and more than 900 coastal navigation structures.

The flood and coastal storm damage reduction program is a collaborative effort that integrates and synchronizes the flood risk management projects, programs, and authorities of USACE with those of other federal, state, regional and local agencies. It helps to reduce the risk of loss of life and property damage from riverine and coastal flooding, and increase the resilience of local communities through structural and non-structural measures.

Funding for the aquatic ecosystem restoration program will be used to restore several large ecosystems. Activities include restoring aquatic habitat in ecosystems where ecosystem structure, function, and processes have been degraded; work needed to comply with biological opinions; and operation and maintenance of the Chicago Sanitary and Ship Canal fish barrier.

The Budget prioritizes funding to operate and maintain water resources infrastructure. It provides \$3.1 billion for the operation and maintenance program, consisting of approximately \$2.1 billion in the Operation and Maintenance account, \$933 million in the Harbor Maintenance Trust Fund account, and \$135 million in the Mississippi River and Tributaries account. The funding allocations for the maintenance of commercial navigation, flood and storm damage reduction, and hydropower projects are informed by risk-based assessments that consider both project and project component conditions and the consequences in the event of a failure. For example, funding levels will enable continued reduction in the number of extended lock closures per year due to preventable mechanical breakdowns and a reduced risk of failure at our flood risk management projects.

The Budget provides \$965 million to be derived from the Harbor Maintenance Trust Fund to maintain coastal channels and related work – the highest amount ever budgeted. The Budget also proposes to reduce the Harbor Maintenance Tax rate to better align estimated annual receipts with recent appropriations levels for eligible expenditures from the Harbor Maintenance Trust Fund.

The Budget provides \$1 billion for the construction program, consisting of \$872 million in the Construction account, \$109 million in the Mississippi River and Tributaries account, \$33 million in the Harbor Maintenance Trust Fund account, and \$5 million in the Inland Waterways Trust Fund account. The Budget uses objective, performance-based guidelines to fund the projects with the highest net economic, environmental, or public safety return to the Nation. For example, the Budget funds the Olmsted Locks and Dam project to completion.

The Budget also includes \$452 million for dam safety, consisting of \$431 million for dam safety assurance, seepage control, and static instability correction actions and related work in the Construction account, \$10 million for seven new dam safety modification studies in the Investigations account, and \$11 million for interim risk reduction measures at Corps dams in the O&M account. When coupled with anticipated unobligated carryover balances, this funding will enable the Corps to evaluate and implement effective risk reduction strategies at our dams where needed.

The Budget provides \$82 million in the Investigations account and \$600 thousand in the Mississippi River and Tributaries account for studies and related remaining items. The Budget funds six feasibility studies to completion and also includes \$15 million for Floodplain Management Services and \$5 million for the Planning Assistance to States program to assist local communities with technical and planning assistance, and specifically to help them develop and implement non-structural approaches that will enable them to reduce their flood risk. All ongoing feasibility studies funded in the Budget have signed Feasibility Cost-Sharing Agreements, and have developed a plan that outlines their scope, schedule, and cost, which has been agreed upon by the District, Division, Corps Headquarters, and the local sponsor.

The FY 2019 regulatory program is funded at \$200 million to protect the Nation's waters and wetlands and provide efficiency in permit processing.

The Budget provides \$33 million for the emergency management program, a robust level of funding to help ensure that our people are properly trained and equipped to help communities respond to all types of disasters.

Lastly, the Budget also makes important investments to promote the sustainable management of the lands around Corps facilities, by providing funds to update the plans that govern how we manage our facilities and helping to combat invasive species.

Thank you all for inviting me to attend today.

General Semonite will provide further remarks on the Army Civil Works 2019 Budget.