

DEPARTMENT OF THE ARMY CORPS OF ENGINEERS

COMPLETE STATEMENT OF

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CHIEF OF ENGINEERS

U.S. ARMY CORPS OF ENGINEERS

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

Mr. Chairman and Members of the Subcommittee:

I am honored to testify before your committee today, along with The Honorable R.D. James, the Assistant Secretary of the Army for Civil Works, on the President's Fiscal Year 2019 (FY 2019) Budget for the United States Army Corps of Engineers (Corps) Civil Works Program.

I have been in command of the Corps for close to two years, and I want to briefly update you on where we are going. As I said last year, the Corps' credibility is measured by our ability to deliver results that are on time, on budget, and of exceptional quality.

The Corps continues to work on policy and administrative changes that can improve infrastructure delivery. More specifically, we are looking internally at our organization, authorities, policies, regulations and procedures in order to identify opportunities for increased efficiency and effectiveness. This will include efforts to reduce redundancy and delegate authority for decision making to the most practical and appropriate level.

For example, section 1007 of WRRDA 2014 requires the Secretary to establish a process for reviewing requests submitted under Section 14 of the Rivers and Harbors Appropriation Act of 1899, as amended, in a timely and consistent manner. These requests (commonly referred to as Section 408 requests because the provision from the 1899 Act is codified at 33 USC 408) involve proposals for the permanent or temporary alteration by others of any completed Civil Works project. The Budget includes significant funding to support Section 408 reviews. Beginning in 2017, the majority of all Section 408 decisions can be rendered at the district level. Further efforts to eliminate duplication of public interest and environmental reviews and establish timelines for decisions are ongoing. The Corps has also clarified when Section 408 permission is required, or not required, and when the requirements of Section 408 may be met by another Corps process and/or authority, thus resulting in the elimination of redundancies.

Similarly, the Corps continues to make significant progress in the Regulatory program. Section 1134 of the WIIN 2016 amended Section 2040 of the Water Resources Development Act of 2007 and directed the Corps to research, develop, and implement an electronic system to allow for the electronic preparation and submission of applications for permits and requests for jurisdictional determinations. The Corps has accepted electronic submission of permit applications or jurisdictional determination requests via email for several years and the application form is a fillable PDF available on Corps District websites. The information received helps the Corps track the number and type of applications, as well as status and completion of reviews. The Corps will continue to explore additional automation advances to make the process more efficient for the public and cost effective for the government.

The Corps focuses on work that provides the highest economic, environmental, and public safety returns to the Nation. The Corps also operates and maintains water resources infrastructure that may no longer meet its authorized purposes or for which

the needs of the Nation have changed. As such, the Corps is conducting studies – there are currently seven ongoing studies - to ascertain the viability of deauthorizing projects and removing them from the Corps inventory.

The Corps also continues our work across the globe with presence in more than 110 countries supporting national security and our Combatant Commanders with civil works, military missions, and water resources research and development expertise. 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. Corps civilian employees nationwide have volunteered – and continue to volunteer – to support our Nation’s missions and vital interests abroad, often in harm’s way. Many have served on multiple deployments.

SUMMARY OF FY 2019 BUDGET

The FY 2019 Civil Works Budget is a performance-based budget, which will reduce flood risk in communities across the Nation, facilitate commercial navigation, restore aquatic ecosystems, and generate low-cost renewable hydropower. The Budget uses a targeted approach to investment in our water resources, which will benefit the Nation’s economy, environment, and public safety – now and in the future.

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 Budget includes \$4.785 billion in gross discretionary funding for Civil Works activities throughout the Nation.

The Budget also proposes the necessary level of funding for the Regulatory program to protect and preserve water-related resources of the Nation.

INVESTIGATIONS PROGRAM

The FY 2019 Budget provides \$82 million in the Investigations account, and \$600,000 in the Mississippi River and Tributaries account to evaluate and design projects within the Corps three main mission areas and for related work, including research and development. The Budget also supports the Corps planning and technical assistance programs, including using its expertise to help local communities increase their resilience to, and preparedness for, flood risks.

CONSTRUCTION PROGRAM

The Budget provides \$1.019 billion for the construction program, including \$872 million in the Construction account, \$109 million in the Mississippi River and Tributaries account, \$5.25 million in the Inland Waterways Trust Fund account and \$32.6 million in the Harbor Maintenance Trust Fund account.

The goal of the construction program is to produce as much value as possible for the Nation from the available funds. The Corps uses objective performance measures to allocate this funding. Projects funded primarily due to their economic return, require a

benefit-to-cost ratio of 2.5-to-1 or higher, calculated at a 7-percent discount rate. Projects funded on the basis of their environmental return must demonstrate that they will restore degraded ecosystem structure, function and/or process to a more natural condition. Funding is also prioritized for mitigation work at ongoing construction projects, and work needed to comply with treaties or biological opinions. The selection process also prioritizes investments, on a risk informed basis, in dam safety assurance, seepage control, and static instability correction work at dams that the Corps owns and operates, and work to address significant risk to human safety, as well as construction of dredged material disposal facilities for high and moderate use segments of commercial deep-draft, shallow-draft, and inland waterways projects.

OPERATION AND MAINTENANCE (O&M) PROGRAM

All structures age and can deteriorate over time, causing a potential decline in reliability. As stewards of a large portfolio of water resources infrastructure, we are working to ensure that its key features continue to provide the benefits assumed with project construction.

The Corps continues to improve the efficiency and effectiveness of its operation and maintenance program. The Budget focuses on investments that address infrastructure maintenance needs on a risk informed basis. It supports the Corps asset management program, by investing in the highest priority needs among the infrastructure that the Corps owns and operates, and in work that will reduce long-term O&M costs in real terms.

The Budget for the operation and maintenance program provides approximately \$2.1 billion in the O&M account, \$135 million in the Mississippi River and Tributaries account, and approximately \$932.5 million in the Harbor Maintenance account. The focus is on the operation and maintenance of commercial navigation, flood risk management, and hydropower projects and other facilities. For example, the Budget gives priority to maintenance work at the coastal ports and inland waterways with high levels of commercial traffic. However, the Budget also funds small ports, with an emphasis on those that support significant commercial fishing, subsistence, or public transportation benefits. The allocation of funding for maintenance among projects reflects a risk-informed assessment that considers both project and project component conditions as well as the consequences in the event of a failure.

The concerns that lead to dam modifications and/or interim risk reduction measures so that they can continue to serve their authorized purposes generally first become apparent through inspections and monitoring that the O&M program funds. Additional measures are considered and evaluated as new and existing issues are identified. 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 locks and dams along the inland waterways; dredging of inland and coastal Federal channels; operating multi-purpose dams and reservoirs for flood risk reduction, hydropower, recreation, and related purposes; maintenance and repair of

facilities; monitoring of completed projects; and general management of Corps facilities and the land associated with these purposes including work to serve as a responsible steward of the resources on Corps lands.

The FY 2019 Budget provides \$213 million in the O&M account for hydropower activities to maintain power components such as generators, turbines, transformers and circuit breakers at Corps hydropower facilities and keep them operating efficiently and effectively. The Corps also receives approximately \$275 million each year derived from Department of Energy revenues related to power sales, and from contributed funds. The Corps is the largest hydropower producer in the U.S., operating 24 percent of the Nation's hydropower capacity.

REIMBURSABLE PROGRAM

Through the Interagency and International Services (IIS) Reimbursable Program, the Corps assists other Federal agencies, state, local, tribal governments, and those of other countries with timely, cost-effective solutions. These agencies can turn to the Corps, which already has these capabilities, rather than develop their own internal workforce and expertise to act as their design and construction agent. Such intergovernmental cooperation is effective for agencies and the taxpayer, and uses the skills and talents that we bring from our Civil Works and Military Missions programs. The work is principally technical oversight and management of engineering, environmental, and construction projects. The work itself is typically performed by private sector firms and is financed by the agencies we service. We only accept agency requests that are consistent with our core technical expertise, in the national interest, and that can be executed without impacting our primary mission areas.

EMERGENCY MANAGEMENT

The FY 2019 Budget provides \$27 million in funding for the Flood Control and Coastal Emergencies account to enable the Corps to prepare for emergency operations in response to natural disasters. The Budget for the emergency management program also includes \$5.5 million for the National Emergency Preparedness Program.

APPROACHES TO FLOOD RISK MANAGEMENT

The Investigations account also includes \$25 million for Corps efforts, in conjunction with state floodplain management authorities, to provide technical and planning assistance to enable local communities to reduce their flood risk, with emphasis on non-structural approaches. The Budget continues to invest in the development of interagency teams known as Silver Jackets to help coordinate federal assistance in enabling communities to understand their flood risks and implement non-structural flood risk management solutions.

The Silver Jackets program is an innovative program, which provides a national forum to address State and local flood risk management priorities. The Corps participates in

these efforts, along with FEMA and other Federal agencies. The Budget for the Civil Works program funds the Corps staff work on these teams. Each team is developed at the state level. The teams share lessons learned at the state level with each other, and each team works to apply the available Federal and State resources effectively to meet its State's flood risk management priorities. Through these collaborative interagency partnerships, we are able to target and allocate our Floodplain Management Services and other technical assistance programs to support State and local priorities with a focus on non-structural flood risk reduction measures. These intergovernmental flood risk management teams are now active in nearly every State.

CONCLUSION

The FY 2019 Budget represents a continuing, fiscally prudent investment in the Nation's water resources infrastructure and restoration of aquatic ecosystems. The U.S. Army Corps of Engineers is committed to a performance-based Civil Works Program, based on innovative, resilient, and sustainable risk-informed solutions.

Thank you, Mr. Chairman and Members of Subcommittee. This concludes my statement. I look forward to answering any questions you or other Members of the Subcommittee may have.