

**Chairman Lamar Alexander Opening Statement
Committee on Appropriations Subcommittee on Energy and Water Development**

**Hearing to Review the Fiscal Year 2018 Budget Requests for the
U.S. Army Corps of Engineers and Bureau of Reclamation**

June 28, 2017

(As prepared for delivery)

We're here today to review the president's fiscal year 2018 budget request for the U.S. Army Corps of Engineers and the Bureau of Reclamation, which is part of the Department of the Interior.

Today I will focus my questions on four main areas:

1. Making our nation's water infrastructure a priority;
2. Properly funding our inland waterways system;
3. Adequately funding our nation's ports and harbors; and
4. Using a more common-sense approach to making funding decisions by looking at the "remaining benefit to cost ratio" of an ongoing project instead of pretending the project is not already under construction which is what the Corps has to do today because of Office of Management and Budget rules.

Making Our Nation's Water Infrastructure a Priority

Based on appropriations requests, the Corps of Engineers is the federal government's most popular agency.

Corps of Engineers projects attract the intense interest of the American people, and of their United States senators. I can recall when, I was a member of the Environmental and Public Works Committee, after a flooding of the Missouri and Mississippi rivers, a whole room full of senators showed up to ask for more money to deal with what went wrong and what went right with disaster relief efforts. So, there's a real interest in these proposals.

The reason this budget request is such a problem is that the U.S. Army Corps of Engineers touches the lives of almost every American. The Corps maintains our inland waterways, it deepens and keeps our ports open, looks after many of our recreational waters and land, manages the river levels to prevent flooding, and its dams provide emission-free, renewable hydroelectric energy.

This is not the first president to do this, but to make up for these shortfalls, the money has to come from somewhere else.

In my opinion, we should spend more, not less, on our nation's water infrastructure.

Last year, Congress provided record funding levels for our nation's water infrastructure by providing over \$6 billion to the Corps of Engineers – the largest amount of funding for the Corps of Engineers in a regular appropriations bill.

Instead of building on what Congress provided last year, the president's budget request proposes only \$5.002 billion for the Corps of Engineers, which is a more than \$1 billion cut, or 17% less, than what was provided last year in FY2017.

This is an enormous step backwards. In fact, if we simply approved the president's request, the Corps of Engineers would receive less than what Congress appropriated in FY2006, setting us back more than a decade.

If we look at the condition of the locks and dams that the Corps operates across the country, for example, we can easily see exactly why we need to spend more – not less on water infrastructure.

The National Academies of Science in 2011 said the Corps has 138 locks in operation that are over 50 years old, and that the average age of our locks is 58 years.

Using locks is the only way for inland waterway shippers to move things like grain, steel, fertilizer and coal up and down rivers, and having to unexpectedly shut them down for extended periods of time could be catastrophic for agriculture and other commodities that rely on them to get their goods to market.

Yet, as these facilities age, major upgrades, maintenance, and sometimes replacement is required, so I think it's fair to ask, why would the president cut funding for the Corps of Engineers at a time when more funding is needed?

On June 7, 2017, in a speech in Cincinnati, Ohio, President Trump recognized the importance of our nation's waterways and emphasized the need for additional investment to address the maintenance backlog.

But instead of providing more funding, his budget provides less – in fact, 17 percent less – funding than last year for the Corps of Engineers, which will not help him to achieve that goal.

Properly funding our Inland Waterways System

Critical projects, such as replacing Chickamauga Lock in my home state of Tennessee, have been piling up for years due to a lack of funding, and many of us in Congress have recognized that we needed to take steps to increase funding for the Corps of Engineers to address this backlog.

First, Congress passed a law that reduced the amount of money that comes from the Inland Waterways Trust Fund to replace Olmsted Lock, a project in Illinois and Kentucky that was soaking up almost all of the money that is available for inland waterway projects.

Second, Congress worked with the commercial waterways industry to establish a priority list for projects that needed to be funded, on which Chickamauga ranks near the top, in fourth place.

And third, in 2014, working together in a bipartisan way, we increased the user fee that commercial barge owners asked to pay to provide more money to replace locks and dams across the country, including Chickamauga Lock. These user fees are deposited into the Inland Waterways Trust Fund.

These steps increased the amount of funding that was available for inland waterways projects from about \$85 million in FY2014 to \$105 million this year.

These funds – that are paid by waterway users – are matched with federal dollars, which allow the Corps of Engineers to make significant progress to address the backlog of work on our inland waterways.

Yet the president's budget request only proposes to spend \$26 million from the Inland Waterways Trust Fund this fiscal year, leaving about 84% of the available funds unspent.

That means, in effect, we would be collecting taxes from commercial barges to go through the locks in order to improve the locks, and then we would be keeping the money, putting it in the bank, and not spending it for the intended purpose.

The budget request also only proposes to fund a single project, Olmsted Lock, and eliminates funding for the other three projects that are already under construction and received funding last year – Lower Monongahela, Kentucky Lock, and Chickamauga Lock.

Replacing Chickamauga Lock is important to all of Tennessee and if Chickamauga Lock closes, it will throw 150,000 more trucks onto I-75. Construction has been ongoing for the past three years so it does not make sense for the administration to not include the project in the budget request.

I've worked with acting Secretary Lamont and General Semonite over the last year and I deeply appreciate that funding for construction on Chickamauga Lock was included in last year's work plan, which was the third consecutive year of funding for this important project. And as General Semonite and I have discussed, starting and stopping is not an efficient way to build projects.

This year's budget proposal is a huge step backwards for our nation's inland waterways.

I will also be asking our witnesses today about the new user fee for inland waterways proposed in the budget which would raise about a billion dollars over the next 10 years. This new fee would be on top of the fee that was already increased in 2014, which the Congressional Budget Office estimated would raise \$260 million over ten years.

We need to spend the money that is already being collected before we ask the waterways industry to pay more. It makes no sense to ask barge owners to pay more in fees when the administration is not even proposing to spend all the fees we are collecting today.

Adequately Funding our Nation's Ports and Harbors

The budget request this year also fails to adequately fund our nation's harbors, such as Mobile Harbor in Alabama; Savannah Harbor in Georgia; and Long Beach Harbor in California, and many others across the country.

Four years ago, Congress took a look at the need to provide more funding for our nation's ports and harbors to ensure we can compete with other harbors around the world.

We realized that the government was spending only a fraction of the taxes each year that were collected in the Harbor Maintenance Trust Fund for our ports and harbors, resulting in billions of dollars of unspent funds just sitting in a bank account that got bigger and bigger each year.

In fact, unlike the Inland Waterways Trust Fund – which has virtually no balance in the trust fund – the Harbor Maintenance Trust Fund had an unspent balance of about \$8.3 billion in 2014, and is about \$9 billion today.

To provide more funding for our ports and harbors, Congress enacted spending targets for the Harbor Maintenance Trust Fund in the Water Resources Reform and Development Act of 2014.

We have met these targets for the last three years in the Energy and Water appropriations bill.

The target for FY2018 is about \$1.34 billion. However, the administration's budget only proposes to spend \$965 million, a shortfall of \$375 million.

So I will ask the witnesses how they plan to sufficiently fund our ports and harbors without requesting adequate resources to do it.

I'd also like to recognize Alan Mikkelsen, acting commissioner from the Bureau of Reclamation.

The Bureau of Reclamation delivers water to one of every five farmers in the West, irrigating more than 10 million acres of some of the most productive agricultural land in the country.

Although Reclamation doesn't manage water resources in Tennessee, I know of its deep importance to Senator Feinstein and other Senators on this subcommittee, and we look forward to hearing your testimony.

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