

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 2018 BUDGET

FOR THE ARMY CORPS OF ENGINEERS, CIVIL WORKS

June 28, 2017

Chairman Alexander, Ranking Member Feinstein and Members of the Subcommittee:

I am honored to testify before your committee today, along with Mr. Douglas Lamont, the Senior Official Performing the Duties of the Assistant Secretary of the Army (Civil Works), on the President's Fiscal Year 2018 (FY 2018) Budget for the United States Army Corps of Engineers (Corps) Civil Works Program. This is my first time to testify before this Subcommittee and I look forward to working together during my tenure as Chief of Engineers.

I have been in command of the Corps for just over a year, and I want to briefly update you on where we're headed.

As an organization, the Corps' credibility is measured by our ability to deliver results that are on time, on budget, and of exceptional quality. To do this, and to keep us "world class", now and into the future, we're focusing on three fundamentals we call "Strengthen the Foundation," "Deliver the Program," and "Achieve our Vision."

First, as with any structure, our **Foundation** must be our **Strength** – the bedrock upon which our present rests and our future is built. For the Corps, this means having the discipline to do the routine things to a high standard. It means demonstrating we are reliable and worthy partners to assist in a shared effort by all levels of government and the private sector to be responsible stewards of our nation's water resources – and to earn its trust – in all we do, from top to bottom, big to small, tactical to strategic. It means having teams and processes that ask and answer the right questions, like, "do we have the capabilities, capacity, and authorities," before we launch. And, it means empowering leaders to think strategically because they are confident in the discipline of our ranks.

Second, we earn our credibility, our reputation, and our value by **Delivering the Program**. This is our lifesblood. This is our passion. This is our mission. And this is our No. 1 priority. In all we do, we'll ensure that costs, milestones, and expected quality are both understood and met.

Finally, to **Achieve our Vision**, we'll do our best to anticipate the conditions, challenges, and opportunities in an unknowable future and take prudent, decisive steps today to prepare. We're doing this by operationalizing strategic change with our Campaign Plan and its four (4) Goals – Support National Security, Deliver Integrated Water Resource Solutions, Reduce Disaster Risk, and Prepare for Tomorrow.

First, we continue 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.

Second, we continue to work at making the Corps more efficient and effective while **Delivering Integrated Water Resource Solutions** for national missions and to address infrastructure challenges. This involves modernizing the project planning process, enhancing budget development for more holistic outcomes, making better risk-informed investment decisions, and improving delivery methods.

Third, we continue to be proactive in **Reducing Disaster Risks** and responding to disasters under the National Response Framework, National Disaster Recovery Framework, P.L. 84-99 as amended, and Corps project authorities for flood risk management. I am so proud of our team for the work we do with our partners at FEMA and State and local agencies in this area.

Fourth, **Preparing for Tomorrow** remains about our people and ensuring we have a pipeline of the best Science, Technology, Engineering and Mathematics teammates, as well as strong Workforce Development and Talent Management programs. We continue to tailor development programs to employee aspirations to retain talent and instill a culture that embraces a career of service. We've enjoyed success here, and continue to significantly improve our agency ranking in the Federal Employee Viewpoint Survey and on the list of best places to work in the Federal government. We are proud to say that we continue to help our Nation's Wounded Warriors transition out of active duty into fulfilling careers. In fact, this year we set a goal to assist 225 transitioning Wounded Warriors. I'm proud to say that we've nearly reached this goal by assisting 185 Wounded Warriors through the end of the 2nd quarter. Over the past five years, we've helped just over 1,300 Wounded Warriors find meaningful careers within the Corps and other organizations.

In closing, may I say that our excellence demands the bone-deep commitment of every Corps employee. I'm striving to develop what GEN Shinseki, former Army Chief of Staff, called "irreversible momentum" toward being a "world-class" organization. I use those two words on purpose because when I talk with my Corps team, I want all of us to have something to relate to. Whether a regulatory biologist or construction engineer, a human resource specialist or dam operator, an administrative professional or general officer, "world class" means that for the Corps to continue "engineering solutions to the nation's toughest challenges," which is our vision, we all must be leaders of superior integrity and technical competence. We know our multi-billion program doesn't deliver itself. Nor is the Nation served just by the work that we do, but more importantly, by your entire Corps Team – 34,000 strong. Thank you for allowing me the time to address the committee.

SUMMARY OF FY 2018 BUDGET

The FY 2018 Civil Works Budget is a performance-based budget, and reflects a focus on the work that will provide high economic and environmental returns to the Nation or address a significant risk to safety. Investments by the Civil Works program will reduce the risks of flood impacts in communities throughout the Nation, facilitate commercial navigation, restore and protect aquatic ecosystems, generate low-cost renewable

hydropower, and support American jobs. Continued investment in critical Civil Works infrastructure projects is an investment in the Nation's economy, security, and quality of life – 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 FY 2018 Budget includes \$5.002 billion in gross discretionary funding for Civil Works activities throughout the Nation, including the construction of water resources projects that will provide high economic, environmental and public safety returns on the Nation's investment.

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 2018 Budget provides \$86 million in the Investigations account, and \$3 million in the Mississippi River and Tributaries account to evaluate and design projects within the Corps three main mission areas and for related work, including some 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 such as the flood risks in coastal communities.

CONSTRUCTION PROGRAM

The Budget provides \$1.02 billion for the construction program in the Construction account, and \$108 million in the Mississippi River and Tributaries account, prioritizing projects with a high net economic, environmental and safety return to the Nation per dollar invested, as well as projects that address a significant risk to safety.

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. For projects that are being funded primarily due to their economic return, these include benefit-to-cost ratios. For projects funded on the basis of their environmental return, priority is given to those projects that are highly effective at restoring degraded structures, functions or processes of aquatic ecosystems on a cost-effective basis as well as mitigation or environmental requirements. The selection process also prioritizes investments, on a risk informed basis, in dam safety assurance, seepage control, static instability correction work at dams that the Corps owns and operates.

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 appropriate levels of service to the American people.

The Corps is working 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 assessment basis. In FY 2018, the Corps will further expand the implementation of a modern asset management program, dedicating an increased amount of its O&M funding to the key features of its infrastructure and for work that will reduce long-term O&M costs in real terms. The Budget also supports an energy sustainability program and pursues efficiencies in the acquisition and operation of our information technology.

The Budget for the operation and maintenance program provides \$3.1 billion in the O&M account, and \$142 million in the Mississippi River and Tributaries account, with a focus on the operation and maintenance of key commercial navigation, flood risk management, hydropower and other facilities. The Budget gives priority to coastal ports and inland waterways with high levels of commercial traffic, and includes \$965 million for work financed through the Harbor Maintenance Trust Fund. The Budget also funds some small ports, including an emphasis on those that support significant commercial fishing, subsistence, or public transportation benefits. The Budget provides O&M funding for safety improvements at the dams and levees that the Corps owns and operates based on the risk and consequence of a failure. According to our analyses, 297 of the 715 dams in our current inventory have either already had some form of modification, or an interim risk reduction measure, or may require them over the next 50 years, if they are to continue to serve their authorized purposes. 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 2018 Budget provides \$243 million in the O&M account for hydropower activities in order to maintain basic power components such as generators, turbines, transformers and circuit breakers at Corps hydropower facilities to keep them operating efficiently and effectively. 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 the work itself is typically performed by private sector firms and is financed by the agencies we service. IIS Reimbursable Program activities in support of our domestic stakeholders totaled \$1.04 billion in FY 2016. 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 2018 Budget provides \$35 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 – an increase of \$1 million from prior years.

An additional \$3 million is included in the Investigations account for the Corps participation in the development and expansion of intergovernmental teams, known as Silver Jackets, which collaboratively reduce the risks associated with flooding and other natural hazards. The Silver Jackets program is an innovative program, which provides a national forum to address State and local flood risk management priorities. 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. There are now 48 active teams (47 States and the District of Columbia); our goal is to have a Silver Jackets team for every State. The Flooplain Management Program of the Corps complements this effort by providing technical assistance.

CONCLUSION

The FY 2018 Budget represents a continuing, fiscally prudent investment in the Nation's water resources infrastructure and restoration of its 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 for the opportunity to testify today. This concludes my statement. I look forward to answering any questions you or other Members of the Subcommittee may have.