

**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 HOUSE OF REPRESENTATIVES**

**ON**

**THE ARMY CIVIL WORKS PROGRAM**

**May 12, 2009**

Chairman Visclosky, Congressman Frelinghuysen, 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 have 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 LEVEL**

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.

A Five Year Development Plan (FYDP) is under development and, when complete, will be provided to the relevant Committees of Congress. The FYDP includes two projections: one based on the President's FY 2010 Budget and one above that level based on the FY 2009 enacted appropriations. The projections in the FYDP are formula driven. They do not represent budget decisions or budget policy beyond FY 2010, but they can provide perspective on the Army Civil Works program and budget.

### **INLAND WATERWAYS USER FEE PROPOSED 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 address the declining 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. It 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.

### **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.

The Civil Works Strategic Plan, which is in the process of being updated, provides goals, objectives, and performance measures that are specific to program areas, as well as some that are crosscutting.

### **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 178 Construction contracts, 892 Operation and Maintenance projects, 45 MR&T projects, 67 Investigations studies and projects, and nine FUSRAP projects. These projects or useful increments of these projects will be completed with Recovery Act funding.

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.