



**Committee on Transportation and Infrastructure
U.S. House of Representatives**

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Chairman

Washington, DC 20515

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Ranking Member

April 19, 2013

Christopher P. Bertram, Staff Director

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SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Water Resources and Environment
FROM: Staff, Subcommittee on Water Resources and Environment
RE: Water Resources and Environment Subcommittee Hearing on "A Review of the President's Fiscal Year 2014 Budget Request for the United States Army Corps of Engineers."

PURPOSE

The Water Resources and Environment Subcommittee is scheduled to meet on Wednesday, April 24, 2013 at 2:00 p.m. in 2167 Rayburn House Office Building, to receive testimony from the Army Corps of Engineers (Corps) on their proposed budget and program priorities for fiscal year (FY) 2014.

This hearing is intended to provide Members with an opportunity to review the FY 2014 budget request for the Corps, as well as Administration priorities for consideration in the Subcommittee's legislative and oversight agenda for the First Session of the 113th Congress.

BACKGROUND

General

The Corps provides water resources development projects for the Nation, usually through cost-sharing partnerships with non-federal sponsors. Activities include navigation, flood damage reduction, shoreline protection, hydropower, dam safety, water supply, recreation, environmental restoration and protection, and disaster response and recovery. The appropriation request in the Administration's FY 2014 budget submittal for the Corps of Engineers is \$4.726 billion, slightly above the FY 2013 sequester-adjusted appropriations of \$4.718 billion.

There is a proposed reduction for some of the major accounts that fund Corps projects and activities. Major accounts and initiatives are described below.

Investigations

The President's budget requests \$90 million for the Investigations account. This is \$28 million less than the FY 2013 appropriations of \$118 million. These funds are used for the study of potential projects related to river and harbor navigation, flood damage reduction, shore protection, environmental restoration, and related purposes. They also cover the restudy of authorized projects, miscellaneous investigations, and plans and specifications of projects prior to construction. Under this proposed budget, while 10 new studies are funded, the focus is on completing existing studies.

Construction

The President's budget requests \$1.350 billion for the Construction account. This is \$237 million less than the FY 2013 appropriations of \$1.587 billion. These funds are used for the construction of river and harbor, flood damage reduction, shore protection, environmental restoration, and related projects specifically authorized or made available for selection by law. The budget proposes four new construction starts and funds for five construction completions. Generally, the reduced construction budget gives priority to completing on-going projects with a remaining benefit-cost ratio greater than 1.0. Continuing on-going projects with a benefit-cost ratio between 2.5 and 1.0 receive some level of funding.

Operation and Maintenance

The President requests \$2.588 billion for expenses necessary for the preservation, operation, maintenance, and care of existing river and harbor, flood control, and related projects. This is \$302 million more than the FY 2013 appropriations of \$2.286 billion.

While proposed to be increased out of cuts to other parts of the Corps program, the constrained budget for operation and maintenance in the past few fiscal years is beginning to affect the navigability of certain waterways. Needed maintenance dredging continues to be delayed. For example, parts of the Lower Mississippi River have been closed to commercial navigation due to lack of maintenance dredging. The President's budget request for operation and maintenance in FY 2014, particularly by not fully utilizing the Harbor Maintenance Trust Fund, will continue to exacerbate this situation. Underfunding the Operations and Maintenance account and seeking subsequent supplemental appropriations when outages occur complicates effective planning and creates inefficiencies.

Regulatory Program

The President's budget requests \$200 million for the regulatory program. This is \$17 million more than the FY 2014 appropriations of \$183 million. The requested funding provides for costs incurred to administer laws pertaining to regulation of activities affecting U.S. waters, including wetlands, in accordance with the Rivers and Harbors Act of 1899, the Clean Water Act, and the Marine Protection, Research, and Sanctuaries Act of 1972.

Formerly Utilized Sites Remedial Action Program (FUSRAP)

The President's budget requests **\$104** million for FUSRAP for FY 2014. This is \$4 million more than the enacted level of \$100 million for FY 2013. FUSRAP provides for the cleanup of certain low-level radioactive materials and mixed wastes, which are located mostly at sites contaminated as a result of the Nation's early atomic weapons development program. This program was transferred from the Department of Energy to the Corps in the FY 1998 Energy and Water Development Appropriations Act.

Mississippi River and Tributaries

The President's budget requests **\$279** million for FY 2014 for planning, construction, and operation and maintenance activities associated with Mississippi River and Tributaries water resources projects located in the lower Mississippi River Valley from Cape Girardeau, Missouri to the Gulf of Mexico. This is \$40 million more than the FY 2013 appropriations of **\$239** million.

Water Trust Funds

The Harbor Maintenance Trust Fund is supported by an ad valorem tax paid by the shippers (not including exporters) of cargo loaded or unloaded at a U.S. port. The funds are used to do maintenance dredging of harbors and to provide for disposal facilities for dredged material. The budget would use only \$834 million from the fund resulting in an increase in the estimated balance to \$8.97 billion at the end of FY 2014. It is estimated that the tax collected more than \$1.85 billion in FY 2013. Approximately one-third of the Nation's federal navigation projects are currently at their constructed depths and widths, making our ports inefficient. As a result, the cost of traded products in 2010 increased by \$7 billion. This will rise to \$14 billion by 2040 if operation and maintenance needs are not met.

According to the American Association of Port Authorities (AAPA), seaports provide for \$200 billion in federal, state, and local tax revenue each year. Thirty million jobs are directly related to international trade, with the U.S. maritime industry alone providing 13 million jobs throughout the country. Overall, the AAPA research finds that maritime trade creates \$2 trillion of commerce annually in the United States. The Economic Research Service of the United States Department of Agriculture notes that for every dollar of goods exported, another \$1.36 in supporting activities is created.

The Inland Waterways Trust Fund is supported by a tax on commercial fuel used on specified inland waterways. The fund is used to pay for half of the federal cost of constructing navigation improvements on those waterways; the remaining half is paid from general revenues. The budget calls for using \$93.88 million from the fund in FY 2014.

Aging infrastructure along the inland waterway transportation system presents a growing challenge. The Corps is responsible for the operation and maintenance of 227 lock chambers in 185 locations nationwide. The average age of these locks is almost 60 years old. Reliability of transportation networks is critical to the Nation's economy. While this infrastructure has served

the Nation well, operation and maintenance expenditures will only slightly prolong the life of a depreciating asset that will continue to diminish in performance. In addition, as the asset gets older, its operation and maintenance requirements will grow.

The Administration has proposed instituting a tax on commercial vessels that utilize the Nation's inland waterways system. This proposal intends to raise \$80 million in FY 2014 and would be used to supplement the Inland Waterways Trust Fund that is used to provide for capital improvements on the inland waterways system.

Flood Control and Coastal Emergencies

The Administration's budget request proposes \$28 million for the Corps' Flood Control and Coastal Emergencies (FCCE) account. The Corps has authority under the Flood Control and Coastal Emergencies Act (P.L. 84-99) for emergency management activities, including disaster preparedness, emergency operations (flood response and post flood response), rehabilitation of flood control works threatened or destroyed by flood, protection or repair of federally authorized shore protective works threatened or damaged by coastal storms, and the provision of emergency water due to drought or contaminated sources. This includes \$2.5 million in support of the Silver Jackets, an interagency group that creates federal support teams for communities experiencing local flood emergencies and prevents emergencies through flood risk management solutions. Funds for the Corps' FCCE account are typically provided on an emergency basis through supplemental appropriations acts.

WITNESSES

Honorable Jo-Ellen Darcy
Assistant Secretary of the Army—Civil Works

Lieutenant General Thomas P. Bostick
Chief of Engineers, United States Army Corps of Engineers