DEPARTMENT OF THE ARMY CORPS OF ENGINEERS

COMPLETE STATEMENT

OF

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U. S. ARMY CORPS OF ENGINEERS

BEFORE

THE SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE ARMY CIVIL WORKS PROGRAM

FISCAL YEAR 2007

MARCH 2, 2006
Mr. Chairman and distinguished members of the Subcommittee:

I am honored to be testifying before your subcommittee today, along with the Assistant Secretary of the Army (Civil Works), the Honorable John Paul Woodley, Jr., on the President's Fiscal Year 2007 (FY07) Budget for the United States Army Corps of Engineers' Civil Works Program.

My statement covers the following 3 topics:

- Summary of FY07 Program Budget,
- Civil Works Backlog,
- Value of the Civil Works Program to the Nation's Economy, and to the Nation's Defense

SUMMARY OF FY07 PROGRAM BUDGET

Introduction

The Fiscal Year 2007 Civil Works Budget is a performance-based budget, which reflects a focus on the projects and activities that provide the highest net economic and environmental returns on the Nation's investment or address significant risk to human safety. The Civil Works Program, including the Direct and Reimbursed programs, is expected to involve total spending (Federal plus non-Federal) of $7.3 billion to $8.3 billion. The exact amount will depend on assignments received from the Federal Emergency Management Agency (FEMA) for hurricane disaster relief and from the Department of Homeland Security for border protection facilities.

Direct Program funding totals $5.271 billion, consisting of discretionary funding of $4.733 billion and mandatory funding of $538 million. The Reimbursed Program funding is projected to involve an additional $2 billion to $3 billion.

Direct Program

The budget reflects the Administration's commitment to continued sound development and management of the nation's water and related land resources. It incorporates performance-based metrics for the construction program, funds the continued operation of commercial navigation and other water resource infrastructure, provides a needed increase in funding for the regulation of the impacts of development on the nation's wetlands, and supports restoration of nationally and regionally significant aquatic ecosystems, with emphasis on the Florida Everglades, the Upper Mississippi River, and
the coastal wetlands of Louisiana. It also improves the quality of recreation services through stronger partnerships and modernization.

The budget emphasizes the construction and completion of water resources projects that will provide a high return on the nation’s investment in the Corp’s primary mission areas. There are 91 projects, including 6 national priority projects; 14 projects in their final year of completion (including one dam safety project); 10 other dam safety assurance, seepage control, and static instability correction projects; 1 high priority newly funded project (Washington D.C. and Vicinity, which will reduce the risk of flood damage to the museums on the National Mall, the Franklin Delano Roosevelt Memorial, and the World War II Memorial and eliminate the temporary closures at 23rd Street and Constitution Avenue, NW, and 2nd and P Streets, SW in downtown Washington D.C.); and 60 other ongoing projects. The focus of this budget is on providing the highest net economic and environmental returns on the Nation’s investment and addressing significant risk to human safety.

Reimbursed Program

Through the Interagency and Intergovernmental Services Program we help non-DOD federal agencies, state, local, and tribal governments, and other countries with timely, cost-effective implementation of their programs, while maintaining and enhancing capabilities for execution of our Civil and Military Program missions. These customers rely on our extensive capabilities, experience, and successful track record. The work is principally technical oversight and management of engineering, environmental, and construction contracts performed by private sector firms, and is fully funded by the customers.

Currently, we provide reimbursable support for about 60 other federal agencies and several state and local governments. Total reimbursement for such work in FY07 is projected to be $2.0 billion to $3.0 billion. The exact amount will depend on assignments received from the Federal Emergency Management Agency (FEMA) for hurricane disaster relief and from the Department of Homeland Security for border protection facilities.

CIVIL WORKS BACKLOG

The budget addresses the construction backlog primarily by proposing that the Administration and the Congress use objective performance measures to establish priorities among projects including potential new starts, and through a change in Corps contracting practices to increase control over future costs. The measures proposed include the ratio of remaining benefits to remaining costs for projects with economic outputs; the extent to which the project cost-effectively contributes to the restoration of a nationally or regionally significant aquatic ecosystem that has become degraded as a result of a Civil Works project or to an aquatic ecosystem restoration effort for which the Corps is otherwise uniquely well-suited; and giving priority to dam safety assurance,
seepage control, static instability correction, and projects that address significant risk to human safety. With the exception of up to 10 percent of the available funds that could be allocated to any project under construction regardless of performance, resources are allocated based on Corps estimates to achieve the highest net economic and environmental returns and to address significant risk to human safety. Over time, this approach would significantly improve the benefits to the Nation from the Civil Works construction program.

We believe that narrowing the focus of our effort to fund and complete a smaller, more beneficial set of projects will improve overall program performance and bring higher net benefits per dollar to the Nation sooner. That is why the Budget proposes only one new, high priority construction start and accelerates completion of the highest-return projects.

**Maintenance Program**

The facilities owned and operated by, or on behalf of, the Civil Works Program are aging. As stewards of this infrastructure, we are working to ensure that it continues to provide an appropriate level of service to the nation. Sustaining such service poses a technical challenge in some cases, and proper operation and maintenance also is becoming more expensive as this infrastructure ages.

The operation and maintenance program supports the operation, maintenance and security of existing commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration works owned and operated by, or on behalf of, the Corps of Engineers, including administrative buildings and laboratories. Funds are also included for national priority efforts in the Columbia River Basin and Missouri River Basin to support the continued operation of Corps of Engineers multi-purpose projects by meeting the requirements of the Endangered Species Act. Other work to be accomplished includes dredging, repair, and operation of structures and other facilities, as authorized in the various River and Harbor, Flood Control, and Water Resources Development Acts. Related activities include aquatic plant control, monitoring of completed coastal projects, and removal of sunken vessels.

The Operation and Maintenance program for the FY07 budget consists of $2.258 billion in the operation and maintenance account and $147 million under the Mississippi River and Tributaries program. To improve accountability and oversight, reflect the full cost of operating and maintaining existing projects, and support an integrated investment strategy, the FY07 Civil Works budget transfers several activities to the O&M program from the construction program. This budget also organized operation and maintenance activities by river basin and by mission area to set the stage for improved management of Civil Works assets and more systematic budget development in future years. Furthermore, we are searching for ways to reduce costs and thereby accomplish more with available resources.
The FY07 Budget also supports performance-based budgeting for the operation and maintenance program by funding ongoing efforts to develop better risk-based facility condition indices and asset management systems. These analytical tools will improve our ability in the future to develop long-term asset management strategies and establish priorities for the operation, maintenance and management of Civil Works assets. Our goal is to begin using these improved analytical tools within two years.

**VALUE OF THE CIVIL WORKS PROGRAM TO THE NATION’S ECONOMY AND DEFENSE**

We are privileged to be part of an organization that directly supports the President’s priorities of winning the global war on terror, securing the homeland and contributing to the economy.

**The National Welfare**

The way in which we manage our water resources can improve the quality of our citizens' lives. It has affected where and how people live and influenced the development of this country. The country today seeks economic development as well as the protection of environmental values.

Domestically, more than 8,000 USACE volunteers from around the nation have deployed to help citizens and communities along the Gulf Coast in the aftermath of hurricanes Katrina, Rita, and Wilma. Even now, more than six months after Hurricane Katrina, 2,000 USACE volunteers continue to execute our FEMA-assigned disaster recovery missions along the Gulf Coast, and to work on rebuilding the New Orleans-area levee system.

As to Hurricane recovery - the Corps of Engineers is repairing significant damages to reaches of federally constructed levees, floodwalls and other features, repairing damaged pumping stations that were constructed or modified as a part of the Southeast Louisiana Urban Flood Control project, and repairing non-Federal levees and pump stations. Along the three outfall canals, we are installing interim closure structures and temporary pumps until a more permanent solution can be implemented. We have also initiated analyses that will explore options to improve protection along the Louisiana and Mississippi Coasts.

Mr. Chairman, we continue to work with you, this Sub-Committee, and other members of Congress on the authorization and funding proposed by the Administration for modifications that will strengthen the existing hurricane protection system for New Orleans.
Research and Development

Civil Works Program research and development provides the nation with innovative engineering products, some of which can have applications in both civil and military infrastructure spheres. By creating products that improve the efficiency and competitiveness of the nation's engineering and construction industry and providing more cost-effective ways to operate and maintain infrastructure, Civil Works Program research and development contributes to the national economy.

The National Defense

Internationally, the U.S. Army Corps of Engineers remains committed to the monumental task of helping to rebuild the infrastructures and economies of Iraq and Afghanistan. Corps’ Civilians and Soldiers continue to make progress toward this nation's goals of restoring the security and quality of life for all Iraqis and Afghanis as they pursue democracy and freedom.

More than 1,700 USACE volunteers have deployed to Iraq since 2003. The Corps’ Gulf Region Division has overseen the initiation of nearly 3,000 reconstruction projects and the completion of more than 2,100. These projects make a difference in the every day lives of the Iraqi people, and are visible signs of progress.

In Afghanistan, the Corps is spearheading construction projects for the Afghan national army and national police, supporting USAID, and executing important public infrastructure and humanitarian projects.

CONCLUSION

The Corps of Engineers is committed to staying at the leading edge in service to the Nation. In support of that, we are working with others to transform our Civil Works Program. We’re committed to change that leads to open, transparent modernization, and a performance-based Civil Works Program.

Thank you, Mr. Chairman and Members of the Committee. This concludes my statement.