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PRESIDENT'S PROPOSED FISCAL YEAR 2012 BUDGET FOR THE ARMY CORPS OF ENGINEERS

HEARING

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

OF THE

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

MARCH 31, 2011

Printed for the use of the Committee on Environment and Public Works

Available via the World Wide Web: http://www.fdsys.gpo.gov

U.S. GOVERNMENT PRINTING OFFICE

85–235PDF WASHINGTON : 2014

For sale by the Superintendent of Documents, U.S. Government Printing Office
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PRESIDENT'S PROPOSED FISCAL YEAR 2012 BUDGET FOR THE ARMY CORPS OF ENGINEERS

THURSDAY, MARCH 31, 2011

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:30 p.m. in room 406, Dirksen Senate Office Building, the Hon. Max Baucus (chairman of the subcommittee) presiding.

Present: Senators Baucus, Vitter, Inhofe, Cardin, Whitehouse, Barrasso, Boozman.

STATEMENT OF HON. MAX BAUCUS, U.S. SENATOR FROM THE STATE OF MONTANA

Senator BAUCUS. The hearing will come to order.

First, I deeply apologize for the delay. I like to be on time. Former President of Colombia Uribe stopped by. In short, I frankly strongly favor this proposed Colombia free trade agreement. He and I were talking, and there just aren't enough minutes in the day. I apologize for the delay.

Good afternoon, everyone. Welcome to this hearing of the Transportation and Infrastructure Subcommittee on the President's proposed Fiscal Year 2012 budget for the U.S. Army Corps of Engineers Civil Works program.

James Michener said, "Scientists dream about doing great things. Engineers do them." Originally established in 1776 by the Continental Congress, and remaining in continuous existence since 1802, the U.S. Army Corps of Engineers is vital to our country's national defense, our economy, flood control, environmental protection and outdoor recreation. The Corps proved its value early on in preparation for the War of 1812, when it built fortifications to repel the British Navy. An 11-pointed fort in New York harbor from this time eventually became the home for the Statue of Liberty.

Since then, the Corps has served this Nation admirably through its military ventures, counting Robert E. Lee and Douglas MacArthur, and many other great men and women among its staff. Over time, the Corps has also significantly expanded its civil works efforts. Today, the Corps of Engineers is composed of more than 34,000 civilian and military personnel. It is the largest public engineering design and constructing management facility in the world. It oversees more than 12,000 miles of navigable channels.

A clear majority of all the goods that Americans use pass through ports that the Corps maintains. The Corps provides 24 percent of our hydropower capacity. It inspects more than 2,000 levies on a biannual basis, provides an estimated 4 billion gallons of water from its various facilities, also on a daily basis. It provides shore protection against storm damage, and it entertains more than 25 million Americans, that is 10 percent of our population, at thousands of outdoor recreation sites nationwide, including several in both Fort Peck and Libby, MT.

The President's Fiscal Year 2012 budget request for the Corps of Engineers Civil Works program is $4.631 billion. This marks nearly a 15 percent decline from the Fiscal Year 2010 enacted level of $5.45 billion.

Today, we are fortunate to have two outstanding witnesses to discuss the President's proposed budget. Lieutenant General Robert Van Antwerp is the 52d Chief of the Engineers, Commander of the U.S. Army Corps of Engineers. A 1972 graduate of West Point, with several graduate degrees, and a vast wealth of experience, and we are honored by his service and glad to have him today.

Next, Assistant Secretary of Army, Civil Works, Jo-Ellen Darcy, obviously recognizable face and long-time friend. She is the highest ranking civilian in the Corps of Engineers. She is a die-hard Red Sox fan and a graduate of both Boston College and Michigan State University. She also previously worked for this committee and for the Finance Committee during her tenure in the U.S. Senate. Thank you, Secretary Darcy.

The Corps of Engineers has estimated that every $1 billion in Federal investment in water resources projects creates approximately 26,000 jobs. I said before, we must shrink Federal spending. But I also believe we must be surgical about where to cut. I favor aggressive cuts coupled with smart investments. The agenda has to be jobs, jobs and jobs. We can't treat the deficit by shrinking the economy.

So I am eager to hear what our witnesses have to say about more than $800 million in proposed cuts, among other things. Now I would like to recognize other Senators for opening statements. I will begin with Senator Vitter.

STATEMENT OF HON. DAVID VITTER, U.S. SENATOR FROM THE STATE OF LOUISIANA

Senator VITTER. Thank you, Mr. Chairman. Thanks to our two witnesses. Thanks for all of your work, and thanks to all the fine men and women of the Corps for all of their work.

The Chairman mentioned some significant history, some going back to the 18th century. Of course, the history I am much more focused on, for obvious reasons, is very recent history, particularly Katrina. While there were many low points and high points in that episode, let me dwell on the work of the Corps since then, which is absolutely essential for the very survival, much less the prosperity, of most of my State.

With that in mind, and as I thank you for the work of the Corps' men and women, I am very concerned about some real gaps in that work and some real continuing needs in that work post-Katrina. As both of you know, I sent a letter addressed to both of you this

week, highlighting several of those very precise concerns. I am not going to dwell on all aspects of that letter here. I do want to followup on all of those concerns as we move forward to any nomination of your successor, General. Those concerns are very deep-seated and very important to all Louisianans, including me.

But with that, I will look forward to your testimony, and highlight some of those top concerns in my questions.

Senator BAUCUS. Thank you, Senator.

Other opening statements? Senator Udall.

STATEMENT OF HON. TOM UDALL, U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator UDALL. Thank you, Senator Baucus, very much. Thank you for holding this important hearing.

Water infrastructure is of supreme importance in the American west, where water is scarce, and when it does come, it can cause destructive flooding. We need to manage our water resources in an integrated fashion for multiple uses, agricultural, municipal, commercial and conserving the environment. Human civilization was founded alongside healthy rivers, lakes and estuaries. To continue to thrive, we must conserve them, not let them go to waste.

In the west, we hope to see the Corps of Engineers work in coordination with other western water agencies, including on the State and local level, to maintain the quality of life Americans deserve in the west. Today's hearing focuses on the Corps' 2012 budget, which is a cause for concern. We have six Army Corps projects in New Mexico which are in the construction phase, but only one of them appears in the President's budget. While flood control cuts may appear to save small amounts of funding today, they simply increase the cost from future flooding. The National Flood Insurance Program is backstopped by the Federal Government.

We are not the only State that is facing an uphill battle on flood control funding. But as a rural State, I think that sometimes we get penalized by the cost benefit analysis that the Corps and the Office of Management and Budget apply. That is one of the reasons why I disagree with the current policies in Congress to eliminate Congress' role in setting regional funding priorities. Without congressional input, funding decisions are made by individuals who may have never been to the areas where they are sending or blocking funding. Until Congress reassumes its responsibilities, the Administration must take great care when crafting budgets like the Corps' which involve regional issues.

With that, let me just mention a couple of issues of concern. I hope I am here for the questions, but if not, I will submit these questions. One is that we have the Rio Grande, which I consider one of our high priority ecosystems, and I hope you do too. In 2007, Congress authorized the Rio Grande Environmental Management Program to provide a forum to plan for integrated water management and fund ecosystem restoration. But neither this Administration nor the previous one included it in their budgets. So there is a question there as to what kind of support you have for that, in light of that legislation.

The Corps' budget document includes language about nationally significant ecosystems. I believe the Rio Grande is a nationally sig-

nificant ecosystem. But is that an official designation process or something more informal?

A third issue is this issue of levees and how irrigation districts in New Mexico are concerned about levees and whether or not they will be included under the new Federal levee safety standards, when they may not really be used for that purpose. I have a question there.

Then one of the most popular Corps programs in New Mexico is the acequias irrigation system. Acequias were first built by the early settlers and has been used for irrigation for centuries. I believe Assistant Secretary Darcy attended a recent event in New Mexico at an acequia project. We understand this unique asset does not quite fit in the Corps' traditional mission areas. This historical cultural waterways are an asset and are deserving of support. I am hoping you will work with us to find ways to support this project.

Finally, the Southwest Valley Project in Albuquerque area has been funded with over $7 million in past years and needs only $5 million more to be completed and removed from the list of outstanding projects. Unfortunately, it was not included in the budget. Does the Corps put a priority on closing out projects in its budget decisionmaking and will the Corps take another look at completing this project?

With that, I very much appreciate your both being here, and I hope to follow carefully your answers and the questioning.

Thank you, Chairman Baucus.

Senator BAUCUS. Thank you very much.

I will now turn to the Ranking Member of the full committee, Senator Inhofe.

STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator INHOFE. Thank you. First of all, I am glad to have both of you here. There are not two people I respect more than the two of you. Every time I see you, Secretary Darcy, I think of you really up here and not down there. Even though the purpose of this hearing is not to get into the WRDA bill, I can't think of anyone I would rather have in your capacity today than someone with your background and your history of cooperation and interest in those very important projects.

While we are anxious to get into a WRDA thing, we know that is not the reason for this hearing right here. But I would like to say this. People have commented sometimes about Senator Boxer and myself, being the Chairman and Ranking Member of the whole committee, and being of just totally different philosophy generally. But we on infrastructure are very much the same. I would say I am not too unlike a lot of other people. I have had the ranking of being the most conservative member.

But there are some areas, like national defense and infrastructure, those are the two top things that we are supposed to be doing here. We need to be doing a better job. Not your fault, but our fault, not being able to prioritize where the funds are coming from.

Now, we have a lot of water resource needs around the country. But we aren't dedicating the necessary funds. If you look at the

navigation infrastructure, which is essential to ensuring our movement of goods, more than 50 percent of the locks and dams operated by the Corps are over 50 years old.

While I am concerned about the Harbor Maintenance Trust Fund, I am also concerned about the Inland Waterways Trust Fund. Because that affects me. A lot of people are not aware of the fact that, I think we in Oklahoma are the most inland port. We have the port of Catoosa, right outside my home town of Tulsa. It is one that has some really truly great needs.

For example, we are right now, it has been a real success story in moving goods and services, wheat and other things back and forth. Our problem is this, and we have been talking about this 12-foot channel now for years and years and years, as long as I have been up here. It does have 485 miles of channel. Of that, 90 percent is 12 feet, but only 10 percent is 9 feet. For 99 and 1 percent, it still is a 9-foot channel.

So that is something that I have, and I just want to make sure that we register at this meeting, a real top concern for it. Another one that we have is on the Red River project, the irrigation district. The chloride control is something that has been very, very valuable to southwestern Oklahoma. We have some challenges there.

Then of course, we have talked about the Arkansas River Corridor Master Plan. The amount of money that has been authorized there is in three categories that are perfectly reasonable in terms of what should be funded and what should not. It is the ecosystems, flood damage, reduction and recreation components to the plan. So I wanted to get on record here that we have the cooperation of the city Council, our COG, our council of governments, everyone lined up, ready to meet whatever requirements are necessary to make that a reality.

Finally, we have had, on the demonstration projects, and I think we could be somewhat of a model for the country, because we have done it successfully. We, and I think Georgia did the first two of the demonstration projects on lakes. Ours was a successful one, it was Lake Skiatook. We have another one that you and I have talked about, and you follow. I will have a couple of questions about that at question and answer time.

Everyone at this table and everyone in the Senate has their own concerns. We need to do a better job of meeting those concerns. We know the constraints of the Corps and what you are under. Nonetheless, we want to work with you to try to make these things happen.

Thank you, Mr. Chairman.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Thank you, Chairman Baucus, for holding this hearing and thank you, Secretary Darcy and General Van Antwerp for testifying before us this afternoon.

Chairman Boxer has indicated her intent to draft and move a Water Resources Development Act (WRDA) this year. I would like to take this opportunity to reiterate my support for doing so. The purpose of today's hearing is not to discuss a WRDA bill, but to look at the President's fiscal year 2012 budget request for the Army Corps of Engineers' Civil Works program, which lays out the Administration's priorities for investing in water resources infrastructure. I have to say that I was

disappointed to see that this request was not only a decrease from fiscal year enacted levels, but that it was even a decrease from the fiscal year budget request.

As a fiscal conservative, I strongly support the overall goal of cutting government spending, but I firmly believe that two areas worthy of spending taxpayer dollars are defense and infrastructure. It may not be as headline-grabbing as some other areas of government spending, but investments in infrastructure—including water resources infrastructure—not only have job creation benefits, but more importantly, are essential for economic growth.

We have significant water resources needs across the country, but we aren't dedicating the funds necessary to address them. For example, let's look at our navigation infrastructure, which is essential to ensuring reliable and efficient movement of goods. More than 50 percent of the locks and dams operated by the Corps are over 50 years old and the Corps navigation budget has been cut by 22 percent over the last 5 years. In addition, only approximately half of the annual revenue in the Harbor Maintenance Trust Fund is spent as intended—on critical maintenance dredging—while the rest is counted as offsetting the deficit.

In my home State of Oklahoma, we have a very successful port that lies at the head of navigation for the McClellan-Kerr Arkansas River Navigation System, the Port of Catoosa. On average, 8,000 barges transport approximately 12-million tons of cargo on the system each year. However, the system could function much more efficiently and productively if it was deepened from its current 9-foot depth to the authorized 12 feet. Let's look at the numbers: Approximately 90 percent of this 445-mile system is currently at 12 feet, according to the Arkansas River Navigation Study. This means only 10 percent or roughly 45 miles are at less than 12 feet. If the entire system was 12 feet deep, the towing industry estimates that we could increase barge capacity by 43 percent. This needs to be a priority.

I'd like to briefly mention a few other items that are important to Oklahoma. I have been working with the Tulsa District Office and the local Lugert-Altus Irrigation District on chloride control at the Red River. These actions will provide new drinking water supplies, increased agricultural irrigation in the southwestern Oklahoma area, and improved downstream water quality.

Another substantial priority for me is Arkansas River Corridor Master Plan. WRDA 2007 authorized $50 million to carry out ecosystem restoration, flood damage reduction, and recreation components of the Plan. Cooperative efforts among the Corps, Tulsa County, the city of Tulsa, and Indian Nations Council of Governments (INCOG) are necessary to implement it.

Finally, I authored the Oklahoma Lakes Demonstration Program because we cannot rely on Federal funding for improvements at Corps lakes in Oklahoma. I believe the Corps could do a better job working with local governments, the State of Oklahoma, and private investors to make this program a success. I appreciate your receptivity to using the flexibility this program envisions and would like your commitment in conveying that flexibility throughout the Corps.

I look forward to hearing the witnesses' testimony.

Senator BAUCUS. Thank you.

I see we are joined by Senator Barrasso, from the great State of Wyoming.

STATEMENT OF HON. JOHN BARRASSO, U.S. SENATOR FROM THE STATE OF WYOMING

Senator BARRASSO. Thank you, Mr. Chairman.

Mr. Chairman, during the last Congress, both the House and the Senate failed to enact the Clean Water Restoration Act introduced by former Senator Russ Feingold and former Congressman James Oberstar. This was the bill that would grant the Environmental Protection Agency and the U.S. Army Corps of Engineers virtually unlimited regulatory control over all wet areas within a State. This included everything from groundwater to ditches to prairie potholes to gutters.

This bill trumped States' rights by preempting State and local governments from making local land and water use decisions. As you may recall, the measure was highly controversial. It is still strongly opposed by farmers, ranchers, small business owners, cer-

tainly in my home State and in the home States of many members of this committee. The bill never passed either the House of Representatives or the Senate.

You would think that that would be the end of it. But apparently the Environmental Protection Agency and the U.S. Army Corps think differently. These agencies appear to be unilaterally asserting authority to enact the Clean Water Restoration Act without a vote from Congress. At the same time, they would be reversing a direct decision by the U.S. Supreme Court that limited the Federal Government's authority to regulate these waters.

A recently leaked EPA document marked "deliberative process: confidential draft" from December 2010 states that the EPA and the Army Corps will identify the waters they believe should be under Federal jurisdiction. The document also spells out how their unilateral decision to do this "supercedes previously issued guidance on the scope of waters of the United States subject to Clean Water Act programs."

The leaked document goes further to say that the EPA and Army Corps expect that the number of waters found to be subject to the Clean Water Act jurisdiction will increase significantly. This draft guidance would grant the Environmental Protection Agency and the U.S. Army Corps of Engineers virtually unlimited regulatory control over all wet areas within a State. This guidance also trumps States' rights by preempting State and local governments from making local land and water use decisions. Enormous resources will be needed to expand the Clean Water Act Federal regulatory program, which could lead to longer permitting delays. Increased delays in securing permits will impede a host of economic activities across all 50 States. Commercial and residential real estate development, agriculture, electric transmission, transportation and mining will be affected and thousands of jobs will be lost.

Not surprisingly, I see the Army Corps increased funding in its budget for its regulatory program this past year. The justification of the funding request is to "implement new field-level initiatives for Clean Water Act jurisdictional determination and rulemaking and inflation." The American people rejected the Clean Water Restoration Act in the last Congress. It was a bad idea then, it is still a bad idea now. It must be stopped. Congress' authority must be restored.

I thank you, Mr. Chairman, and I look forward to the testimony.

Senator BAUCUS. Thank you, Senator.

Let's begin with you, Madam Secretary.

STATEMENT OF HON. JO-ELLEN DARCY, ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

Ms. DARCY. Thank you, Mr. Chairman.

Before I begin my statement, I would just like to say, I have been in this room many times over the years, and this is the first time in this job that I've sat at this table. Usually I'm sitting at this table answering questions from you all about legislation, but today I'm going to be able to answer questions about the President's budget. I just wanted to thank the committee for the 16 years I was part of this committee, and the experience that it gave me. Thank you.

Senator BAUCUS. You are very welcome. You worked very well over here, you are going to do the same over there.

Ms. DARCY. Mr. Chairman and distinguished Members of the subcommittee, thank you for the opportunity to present the President's Fiscal Year 2012 budget for the Civil Works program of the Army Corps of Engineers. I will summarize my statement and ask that my complete statement be included in the hearing record.

The budget requests new appropriations of $4.631 billion. In keeping with the Administration's priority to put the Nation on a sustainable fiscal path, this is $836 million, or about 15 percent, below the 2010 enacted amount of $5.445 billion. It is about a 6 percent decrease from the 2011 budget for the Civil Works program.

The budget concentrates funding primarily on the three main Civil Works program areas: commercial navigation, flood and coastal storm damage reduction and aquatic ecosystem restoration. The 2012 budget continues the Army's commitment to a performance-based approach to budgeting in order to provide the best overall return from available funds and achieving economic, environmental and public safety objectives. The budget provides $50 million for a comprehensive levee safety initiative to help ensure that Federal levees are safe and to assist our non-Federal entities as they address safety issues with their own levees.

The Operation and Maintenance program also includes a new environmental and energy sustainability program to reduce energy consumption at Corps projects and at Corps buildings. The 2012 budget places priority on collaboration with other Federal agencies and the development of funding allocations for aquatic ecosystem restoration.

For 2012, this collaboration is reflected in five major ecosystems: the California Bay Delta, the Chesapeake Bay, the Everglades, the Great Lakes and the Gulf Coast. The budget provides for use of $758 million from the Harbor Maintenance Trust Fund to maintain coastal commercial navigation channels and harbors.

The Administration plans to develop legislation to expand the authorized uses of the Harbor Maintenance Trust Fund, so that its receipts are available to finance the Federal share of other efforts in support of commercial navigation through the Nation's ports. No decisions have been made yet on what additional costs would be proposed to be paid from the Harbor Maintenance Trust Fund.

Inland waters capital investments are funded in the budget at $166 million, of which $77 million is financed from the Inland Waterways Trust Fund. This is the total amount that is affordable in 2012, with the current level of revenue coming into the trust fund. The Administration will work with Congress and stakeholders to authorize a new mechanism to increase the revenue paid by commercial navigation users on the inland waterways.

The Administration also plans to work with Congress and stakeholders to explore ways to support broader recapitalization of the Corps' aging infrastructure, modification of its operations, or deauthorization as appropriate, consistent with modern day water resources principles and priorities.

Last year, President Obama established the America's Great Outdoors initiative to promote innovative, community-level efforts

to conserve outdoor spaces and to reconnect Americans to the outdoors. The Civil Works Recreation Program is closely aligned with the goals of America's Great Outdoors initiative, and includes a variety of activities to reconnect Americans, especially our youth, with the Nation's outdoor resources.

We continue to strengthen the Corps' planning expertise, including through greater support for planning centers of expertise and continued support for the development of revised water resources planning Principles and Guidelines. A number of lower priority programs and activities receive reduced or no funding in our 2012 budget request. For example, funding for maintenance of navigation harbors and waterway segments that support little or no commercial use is reduced by about half.

Also, no funding is provided for small projects in several of the Continuing Authorities programs. The budget proposes to reprogram $23 million of prior year funds from these lower priority programs to finance ongoing phases of projects in higher priority Continuing Authorities programs.

In summary, the President's 2012 budget for the Army Civil Works program is a performance-based budget. It supports water resources investments that will yield long-term returns for the Nation.

Mr. Chairman and Members of the subcommittee, I look forward to working with you in support of the President's budget. If I could ask your indulgence for just one more minute, I would just like to say, before the Chief speaks, that I had the good fortune of not only getting this job, but walking into this job having this man sitting next to me as the Chief of Engineers. General Van Antwerp is going to be leaving the Corps in May. He is retiring from the Army. He has been a great partner, a great public servant, and a great tribute to the Army and the Army Corps of Engineers. I just want to thank him for his service.

Thank you.

[The prepared statement of Ms. Darcy follows:]

DEPARTMENT OF THE ARMY

COMPLETE STATEMENT

OF

THE HONORABLE JO-ELLEN DARCY
ASSISTANT SECRETARY OF THE ARMY
(CIVIL WORKS)

BEFORE

THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

UNITED STATES SENATE

ON

THE ARMY CIVIL WORKS PROGRAM

FISCAL YEAR 2012

MARCH 31, 2011

Mr. Chairman and 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 (FY) 2012.

OVERVIEW

The FY 2012 Budget for the Civil Works program reflects the Administration's priorities through targeted investments in the Nation's infrastructure that help restore the environment and revitalize the economy, while also reflecting the need to put the country on a fiscally sustainable path. With those tenets in mind, the primary objectives of the Budget are as follows:

- Focus funding on water resources infrastructure projects that produce high economic and environmental returns to the Nation and those that address public safety needs.
- Restore high-priority ecosystems such as the California Bay-Delta, Chesapeake Bay, the Everglades, the Great Lakes, and the Gulf Coast.
- Support a comprehensive levee safety initiative to help ensure that Federal levees are safe and to enhance efforts to assist non-Federal parties to address safety issues with their levee systems.
- Provide priority funding to the maintenance of high performing projects.
- Propose changes in the way Federal activities in support of commercial navigation through the Nation's ports are funded, and support increases in inland waterways receipts.
- Improve the way in which the Army Corps of Engineers addresses the Nation's most pressing water resources challenges.
- Increase the organizational efficiency and improve the management, oversight, and performance of ongoing programs.

The Budget concentrates 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. The Budget does not fund work that should be the responsibility of non-Federal interests or other Federal agencies, such as water and wastewater treatment projects.

FY 2012 DISCRETIONARY FUNDING LEVEL

The Budget provides gross new discretionary funding of $4.631 billion, which will keep the Civil Works program moving forward to help revitalize the economy, and provide for restoration and stewardship of the environment. The Budget also proposes cancellation of the $57 million in unobligated funding previously provided in the Mississippi River and Tributaries account for construction of the Yazoo Backwater Pumps, Mississippi project. This cancellation would achieve $57 million in real savings for the American taxpayer. Of the amount proposed to be cancelled, $22 million is an offset to FY 2012 gross appropriations, for a net request of $4.609 million. (The Congress appropriated the remaining $35 million to "restore" funds that the Corps had "borrowed" under the Stafford Act while responding to a natural disaster at another project. Because the Congress restored these funds in an emergency supplemental appropriation, their cancellation does not "score" as an offset to our discretionary funding request.)

In keeping with the Administration's program to put the Nation on a sustainable fiscal path, the funding for Civil Works in the 2012 Budget is $836 million, or about 15 percent, below the enacted amount of $5.445 billion in FY 2010. It is about 6 percent below the FY 2011 Budget level. The FY 2012 funding level reflects a considered, practical, effective, and sound use of available resources, focusing on those investments that are in the best interest of the Nation.

Within the $4.631 billion recommended gross appropriations, $1.48 billion is for projects in the Construction account, and $2.314 billion is for activities funded in the Operation and Maintenance (O&M) account. The Budget also includes $104 million for Investigations; $210 million for Mississippi River and Tributaries; $27 million for Flood Control and Coastal Emergencies; $196 million for the Regulatory Program; $109 million for the Formerly Utilized Sites Remedial Action Program; $185 million for the Expenses account; and $6 million for the Office of the Assistant Secretary of the Army for Civil Works. Attachment 1 shows this funding by account and by program area.

The FY 2012 Budget continues the Army's commitment to a performance-based approach to budgeting to provide the best overall return from available funds from a national perspective in achieving economic, environmental, and public safety objectives. Competing investment opportunities for studies, design, construction, and operation and maintenance were evaluated using multiple metrics, and objective performance criteria guided the allocation of funds.

The FY 2012 Budget supports investments in flood and storm damage reduction, commercial navigation, environmental restoration, and other programs. The distribution of funding among these programs is similar to the distribution in the FY 2011 Budget, except that environmental restoration received a slightly lower proportion of overall funding. Of the total in the FY 2012 Budget, 31 percent is allocated to flood and storm damage reduction; 34 percent is allocated to commercial navigation; 18 percent is allocated to environmental restoration and protection; and 17 percent is allocated among other program areas.

NEW INVESTMENTS IN FY 2012

The Civil Works budget includes funding for two construction new starts and several other new initiatives, as described below.

In the Construction account, the budget includes $8 million for a new start for the Hamilton City project in California, which provides environmental restoration and flood damage reduction benefits. The budget also includes $3 million to initiate a storm damage reduction project along the New Jersey coast between Raritan Bay and Sandy Hook Bay in the Port Monmouth area.

There are four new study starts in the Investigations account: Fish Passage at Englebright and Daguerre Point Dams on the Yuba River in California for $100,000; environmental restoration and flood damage reduction at Cano Martin Pena in Puerto Rico for $100,000; the Chesapeake Bay Comprehensive Plan for $250,000; and the Louisiana Coastal Area Comprehensive Plan for $100,000.

The O&M program includes $12.3 million for a new environmental and energy sustainability program. This will involve developing tools to enable the Corps to meet Federal sustainability goals and implementing energy-saving measures at Corps projects and buildings. The 38 Civil Works Corps districts will compete for these funds by proposing specific measures to conserve energy. Lessons learned from this competition will inform future investments to increase environmental and energy sustainability of the Civil Works program.

The Budget provides $50 million for a comprehensive levee safety initiative. This initiative includes $46 million in the O&M account to continue and expand activities to help ensure that Federal levees are safe and to assist non-Federal entities to address safety issues with their levees. The levee safety initiative also includes $4 million in the Flood Control and Coastal Emergencies account. These funds will be used for Corps participation in the expansion of interagency teams, known as Silver Jackets, to include every State, and to provide unified Federal assistance in implementing flood risk management solutions.

AQUATIC ECOSYSTEM RESTORATION

The FY 2012 Budget places priority on collaboration with other Federal agencies in the development of funding allocations for aquatic ecosystem restoration. Attachment 2 provides a list of the ecosystems and funding amounts budgeted on this basis.

In connection with this effort, the Budget provides $168 million for the Corps for the ongoing South Florida Everglades Restoration Program, consisting of $163 million for Construction and $5 million for O&M. The Budget supports the continued construction of five ongoing aquatic ecosystem restoration projects in South Florida: Picayune Strand, Site One Impoundment, Indian River Lagoon South, Kissimmee River, and the C-111 (South Dade) project.

The Budget also supports work on other major ecosystem-wide initiatives, such as $58 million for studies and projects in the California Bay-Delta, including an important new reconnaissance study for fish passage at Englebright and Daguerre Point Dams on the Yuba River; an ongoing feasibility study for the Sacramento-San Joaquin Delta Islands and Levees; an ongoing comprehensive feasibility study for the Sacramento-San Joaquin River Basins; and a new construction project at Hamilton City for ecosystem restoration and flood damage reduction.

The Budget includes $128 million for the Columbia River Fish Mitigation program, an ongoing effort to reduce the adverse impacts of a series of Corps dams on migrating salmon. Funds will be used to construct juvenile fish bypass facilities, improve adult fish ladders and conduct other activities that support salmon habitat. The Budget also provides $73 million for ongoing work under the Missouri River Fish and Wildlife Recovery program to construct shallow water habitat and undertake other activities to recover and protect Federally listed species, such as the pallid sturgeon.

INFRASTRUCTURE RECAPITALIZATION

The Administration plans to work with Congress and stakeholders to explore ways to support recapitalization of aging Corps infrastructure, modification of its operations, or de-authorization, consistent with modern-day water resources principles and today's and tomorrow's water resources priorities. Under these principles, direct beneficiaries would be asked to pay a significant share of the costs to rehabilitate, expand or replace projects, as they would for a new project, commensurate with the benefits they receive. Options such as direct financing will be considered as part of this effort, where appropriate.

The aging of infrastructure affects all of our activities. For example, with regard to the production of hydropower, the FY 2012 Budget provides $176 million to operate and maintain Corps hydropower facilities. In order to decide how best to use the available funding, the Corps has been working under its Hydropower Modernization Initiative (HMI) to develop a long-term capital investment strategy. One significant feature of the HMI is the Asset Investment Planning Tool, which was designed to: (1) analyze the condition of critical components and the consequences of failure; (2) determine the value of additional hydropower and its cost; (3) quantify risk exposure for capital investments; and (4) create 20-year funding scenarios to allow for timely and cost-effective rehabilitation or replacement of hydropower facilities and their components. To assist the Federal government in rehabilitating aging equipment, the Corps also is pursuing increased use of non-Federal funds.

HARBOR MAINTENANCE TRUST FUND

The Budget provides for use of $758 million from the Harbor Maintenance Trust Fund to maintain coastal channels and harbors. Despite an overall Civil Works reduction

of 15 percent below the enacted FY 2010 level, the amount recommended in the FY 2012 Budget for harbor maintenance and related work is essentially unchanged from the two prior years. The Administration also plans to develop legislation to expand the authorized uses of the Trust Fund, so that its receipts are available to finance the Federal share of other efforts in support of commercial navigation through the Nation's ports. No decisions have been made yet on what additional costs would be proposed to be paid from receipts into the Harbor Maintenance Trust Fund. Development of proposed legislation will proceed in the coming months.

INLAND WATERWAYS TRUST FUND

Inland waterways capital investments are funded in the Budget at $166 million, of which $77 million is financed from the Inland Waterways Trust Fund. This is the total amount that is affordable in FY 2012 with the current level of revenue coming into the Trust Fund. The Administration will work with Congress and stakeholders to revise the laws that govern the Trust Fund, to include increasing the revenue paid by commercial navigation users of the inland waterways to meet their share of the costs of activities financed from this trust fund.

AMERICA'S GREAT OUTDOORS INITIATIVE AND CIVIL WORKS RECREATION

On April 16, 2010 President Obama signed a Presidential Memorandum establishing the America's Great Outdoors (AGO) initiative to promote and support innovative community-level efforts to conserve outdoor spaces and to reconnect Americans to the outdoors. This initiative was celebrated at several events around the country, including a public "listening" event the Secretary of the Interior and I held in August 2010 at a Civil Works project near St. Louis, Missouri.

The Corps has been actively involved with the AGO initiative, working in concert with its partners to leverage financial and human resources so the public can continue to enjoy water-based recreation opportunities at Corps lakes. The Civil Works recreation program and activities are closely aligned with the goals of the initiative and include a variety of measures to reconnect Americans, especially young people, with the Nation's outdoor resources.

The Corps manages 12 million acres of lands and waters supporting water-based recreation and environmental stewardship. The Civil Works program is particularly well-suited to support the AGO initiative, given that 90 percent of Corps projects are within 50 miles of metropolitan areas. Camping, hiking, swimming, boating, and other water-oriented recreation opportunities attract 370 million visits a year to 422 Corps projects. In addition, the Corps has active programs to conserve and protect lands and waters for wildlife, fisheries, endangered species and open space.

PLANNING IMPROVEMENTS

Working through the Chief of Engineers, the Army continues to strengthen and improve the planning expertise of the Corps, including greater support for planning Centers of Expertise, better integration of project purposes, greater reliability of cost estimates and schedules in planning and programming, and continued support for the development of revised water project planning Principles and Guidelines. Also, the Army has initiated a pilot program to identify means of enabling studies to reach decisions more efficiently.

VETERANS CURATION PROJECT

The FY 2012 Budget includes $2 million to continue the Veterans Curation Project, which provides vocational rehabilitation and innovative training for wounded and disabled veterans, while achieving historical preservation responsibilities for archaeological collections administered by the Corps. The project supports work by veterans at curation laboratories located in Augusta, Georgia; St. Louis, Missouri; and Washington, DC.

LOWER PRIORITY PROGRAMS

Funding of $76 million is provided in the FY 2012 Budget for maintenance of navigation harbors and waterway segments that support low commercial use. This is a reduction of $64 million from the FY 2011 Budget. The Estuary Restoration Program is funded at $2 million, compared to $5 million in the FY 2011 Budget.

No funding is provided for small projects in four of the nine Continuing Authorities Programs (CAPs): Section 14 (emergency streambank and shoreline protection), Section 103 (shore protection), Section 107 (navigation), and Section 208 (snagging and clearing). The Budget proposes to reprogram $23 million of CAP funds carried over from prior years from these four CAPs to finance ongoing phases of projects in four or the remaining five CAPs: Section 111 (mitigation of shoreline damages caused by navigation projects), Section 204 (beneficial use of dredged material); Section 206 (aquatic ecosystem restoration), and Section 1135 (modification of completed projects for the benefit of the environment). Section 205 (flood damage reduction) also is supported, and has sufficient carryover within it to finance the FY 2012 program without a reprogramming.

No funding is provided for the Aquatic Plant Control program, nor is specific line item funding provided for coordination activities associated with the National Estuary Program and the North American Waterfowl Management Program. Coordination activities will take place, as appropriate, in connection with separately funded programs and projects.

Funding under the Formerly Utilized Sites Remedial Action Program (FUSRAP) is reduced by $21 million, from $130 million in the FY 2011 Budget to $109 million in the FY 2012 Budget.

AMERICAN RECOVERY AND REINVESTMENT ACT

The Corps continues the work funded in the 2009 American Recovery and Reinvestment Act (ARRA). The Act provided $4.6 billion for the Civil Works program. That amount includes $2 billion for Construction; $2.075 billion for O&M; $375 million for Mississippi River and Tributaries; $25 million for Investigations; $25 million for the Regulatory Program; and $100 million for the Formerly Utilized Sites Remedial Action Program. The ARRA funds were allocated to more than 800 projects in 49 states, the District of Columbia, and Puerto Rico, and 400 of those projects have been completed.

Nearly all of the $4.6 billion of these funds have been obligated, leaving only a small amount, as authorized, for contract supervision and administration, as well as known contract claims and modifications. As of last month, more than $3.1 billion of the total had been expended, primarily payments to contractors for work already completed. Of the more than 2,100 recipients of the Corps ARRA funds, 99.8 percent submitted a report last quarter as required under the Act and provisions of ARRA contracts.

The projects funded by ARRA provide important support to the Nation's small businesses in their economic recovery. Of the total ARRA funds, small business awards account for about 51 percent of the ARRA funds obligated and about 72 percent of the total contract actions.

The Corps achievements to date with ARRA funds include improvement of 28 important commercial navigation harbors and channels; repair or improvement of dozens of hydropower projects; accelerated completion of site clean-up at 9 FUSRAP sites; completion of 822 periodic inspections of federally constructed levee systems, including both systems maintained by the Corps and those maintained by local sponsors; and completion of important work to restore 57 aquatic ecosystems.

CONCLUSION

In summary, the President's FY 2012 Budget for the Army Civil Works program is a performance-based budget that supports water resources investments that will yield long-term returns for the Nation.

Mr. Chairman and Members of the Subcommittee, I look forward to working with this Subcommittee in support of the President's Budget. Thank you.

Attachment 1

FY 2012 Budget
Business Line/Account Cross-Walk ($ Millions)

Business Lines/Funding Categories:				MR&T									
	I	**C**	**O&M**	**I**	**C**	**O&M**	**TOTAL MRT**	**FUSRAP**	**FCCE**	**REG**	**E**	**OASA (CW)**	**TOTAL**
Flood and Coastal Storm Damage Reduction	48	721	523	1	63	91	155						**1447**
Coastal	7	23	8			3	3						**41**
Inland	41	698	515	1	63	88	152						**1406**
Hydropower		6	176										**182**
Navigation	18	283	1237		13	24	37						**1575**
Coastal	7	117	706			2	2						**832**
Inland	11	166	531		13	22	35						**743**
Environment													
Aquatic Ecosystem Restoration	38	470	23		2		2						**533**
Stewardship			96			4	4						**100**
FUSRAP								109					**109**
Regulatory										196			**196**
Recreation			247			12	12						**259**
Emergency Management (incl. NEPP)			7						27				**34**
Water Supply			5										**5**
Expenses											185		**185**
OASA(CW)												6	**6**
TOTAL	**104**	**1480**	**2314**	**1**	**78**	**131**	**210**	**109**	**27**	**196**	**185**	**6**	**4631**

I = Investigations; C= Construction; O&M = Operation and Maintenance; MR&T = Flood Control, Mississippi River and Tributaries; FUSRAP = Formerly Utilized Sites Remedial Action Program; FCCE = Flood Control and Coastal Emergencies; REG= Regulatory Program; NEPP = National Emergency Preparedness Program; E = Expenses; OASA(CW) = Office of the Assistant Secretary of the Army for Civil Works.

Attachment 2

FY 12 Priority Ecosystems Funding

Ecosystem Account 1/	Projects and Studies	$ in Millions	
California Bay Delta			$ 58
I	Yuba River Fish Passage (new recon)	$ 0.1	
I	San Pablo Bay Watershed Study	$ 0.5	
C	Hamilton City (new start)	$ 8	
I/C/O&M	Additional studies and projects in Navigation and Flood Damage Reduction Programs	$ 49	
Chesapeake Bay			$ 17
I	Chesapeake Bay Comprehensive Study (new recon)	$ 0.25	
C	Poplar Island	$ 12	
C	Chesapeake Bay Oysters	$ 5	
Everglades			$168
C	Continuing Projects and Activities	$163	
O&M		$ 5	
Great Lakes			$ 27
I	Interbasin Control – (Great Lakes-Ms R Nuisance Species)	$ 3	
C	Chicago Sanitary and Ship Canal	$13.5	
O&M	Chicago Sanitary and Ship Canal	$10.5	
Gulf Coast			$ 27
GI	Louisiana Coast Comprehensive Study (new recon)	$ 0.1	
GI	LCA studies	$ 16	
CG	LCA projects	$ 10.6	

1/ Key: I = Investigation
C = Construction
O&M = Operation and Maintenance

Senator BAUCUS. Thank you, Madam Secretary.

General, that is quite an introduction.

STATEMENT OF LIEUTENANT GENERAL ROBERT VAN ANTWERP, CHIEF OF ENGINEERS, U.S. ARMY CORPS OF ENGINEERS

General VAN ANTWERP. Mr. Chairman, distinguished Members of the subcommittee, it is quite an introduction. It has been a great partnership, just to have someone of her stature and who has been over on this side; it has just been enormously helpful and really great for the Corps. We are a wonderful team, although my baseball team is different than hers.

Senator BAUCUS. So which one is yours?

General VAN ANTWERP. Well, actually I come from the great State of Michigan originally, so it has to be Detroit.

Senator BAUCUS. Those Sox fans can be pretty fierce. Yours too?

General VAN ANTWERP. A little bit of history. These castles that I am wearing are the MacArthur castles. They were passed down from his mother and father to him, and then he passed them to the Chief of Engineers. It goes with your wonderful rendition of history there.

Senator BAUCUS. Thank you.

General VAN ANTWERP. I am honored to testify before your subcommittee with Ms. Darcy today. Thank you for having us.

This budget funds 92 construction projects, including 55 flood and storm damage reduction projects, three of which are budgeted for completion, which we are proud to do this year. Sixteen are commercial navigation projects; nineteen aquatic ecosystem restoration projects; and two of these construction projects are new starts.

The budget includes $104 million for activities in the Investigations account. It funds 58 continuing studies and 4 new studies. Funding is also included for the Water Resources Priority Study, which is an evaluation of the Nation's vulnerability to inland and coastal flooding.

The budget supports our continued stewardship of water-related infrastructure. The Operation and Maintenance program for the Fiscal Year 2012 budget includes $2.314 billion and an additional $131 million under the Mississippi River and Tributaries program. The focus, of course, is on the maintenance of key commercial navigation, flood and storm damage reduction and hydropower facilities. As was already mentioned, we have 241 locks of which the average age is 58.3 years old. They take a lot of maintenance to keep them operating.

Corps teammates continue to respond whenever and wherever needed to help during major floods and other national emergencies. The budget provides $27 million for preparation for floods, hurricanes and other natural disasters, including $4 million in support of the levee safety initiative in States known as Silver Jackets.

I would like to just provide a quick update on the Corps' preparation as we look at the potential spring flood events. We are working with FEMA and the National Weather Service to monitor the high probability of flooding in the north central United States, specifically the Red River of the north, the upper Mississippi River and

the Minnesota River. Based on these projections, our Commanders have already requested advanced planning and advanced measures funding, and verified the ability of key flood-fighting equipment and elements. They are also engaging State, local and Federal authorities to discuss and review preparations for flood response. In a couple of words, we are ready, as ready as we can be.

On the international front, I am proud to talk about the work on missions in Afghanistan and Iraq just for a second. Although it is not Civil Works, it is really important to the Corps and the Nation. A lot of our Civil Works employees work overseas in Afghanistan and Iraq and then come back to the Civil Works program.

Men and women from across the Corps, all volunteers, and many of whom have served multiple deployments, continue to provide this critical support. We currently have 1,168 civilian employees of the Corps deployed overseas. They have completed over 6,000 infrastructure and water resources projects.

Last month, Ms. Darcy and I traveled to Afghanistan. We took our other service counterparts over there, and we witnessed the amazing work of these deployed districts. We have one in Iraq and two in Afghanistan, and they are doing incredible work.

On March 21 and March 22, we traveled down to New Orleans to visit the major projects of the Hurricane Storm Damage Risk Reduction System. We wanted to make sure that they are ready to defend against a 100-year event June 1. Again I will say, we are ready.

So the Corps is committed to staying at the leading edge of service to our Nation. We are committed to change that ensures an open, transparent and performance-based Civil Works program. Thank you, Mr. Chairman. I look forward to your questions.

[The prepared statement of General Van Antwerp follows:]

DEPARTMENT OF THE ARMY CORPS OF ENGINEERS

COMPLETE STATEMENT

OF

LIEUTENANT GENERAL ROBERT VAN ANTWERP
CHIEF OF ENGINEERS
U. S. ARMY CORPS OF ENGINEERS

BEFORE

THE SUBCOMMITTEE ON WATER TRANSPORTATION AND INFRASTRUCTURE
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

UNITED STATES SENATE

ON

THE ARMY CIVIL WORKS PROGRAM
FISCAL YEAR 2012

March 31, 2011

Chairman Baucus 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 Jo-Ellen Darcy, on the President's Fiscal Year 2012 (FY12) Budget for the Civil Works Program of the United States Army Corps of Engineers.

My statement covers the following 12 topics:

- Summary of FY12 Program Budget
- Direct Program
- Investigations Program
- Construction Program
- Operation and Maintenance Program
- Reimbursable Program
- Proposed Legislation
- Planning Program Modernization
- Efficiency and Effectiveness of Corps Operations
- Value of the Civil Works Program to the Nation's Economy and Defense
- Research and Development
- National Defense

SUMMARY OF FY12 PROGRAM BUDGET

The Corps is fully committed to supporting the President's priorities to reduce the deficit, revitalize the economy and restore and protect the environment. The Fiscal Year 2012 Civil Works Budget is a performance-based budget that 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 risks to human safety. The Budget also proposes cancellation of the unobligated balance of funding in the Mississippi River and Tributaries account that was previously provided for construction of the Yazoo Backwater Pumps, Mississippi project. The reimbursable Interagency and International Services Program is projected to involve an additional $1.6 billion.

DIRECT PROGRAM

The Budget includes $4.6 billion, including funding for the operation and maintenance of more than 600 flood and storm damage reduction projects, 143 commercial coastal navigation projects, and 51 commercial navigation projects on the inland waterways. It also funds continuing construction of 90 construction projects and two new construction starts. The Budget includes funds for 58 studies already underway and four new study starts. It will enable the Corps to process approximately 70,000 permit requests and to operate 75 hydropower plants with 350 generating units that produce about 24,000 megawatts per year. The Budget will enable about 370 million outdoor recreational visits to Corps projects and will provide water supply storage for about 14% of the Nation's municipal water needs. The Budget will sustain the Corps' preparedness to respond to natural disasters that we may experience. Finally, the Budget also proposes to reduce Federal costs through a reduction in funding in lower-priority programs.

INVESTIGATIONS PROGRAM

The Budget for the Investigations program will enable the Corps to evaluate and design future projects that are most likely to be high-performing within the Corps three main mission areas: commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration. The Budget includes $104 million for these and related activities in the Investigations account and $1 million in the Mississippi River and Tributaries account. It funds 58 continuing studies (1 reconnaisance and 57 feasibility) and four new studies: Englebright and Daguerre Point Dams (Yuba River) Fish Passage, CA; Cano Martin Pena, PR; the Chesapeake Bay Comprehensive Plan; and the Louisiana Coastal Area Comprehensive Study. Funding is also included for the Water Resources Priorities Study, a high-priority evaluation of the nation's vulnerability to inland and coastal flooding, as well as the effectiveness, efficiency, and accountability of existing water resource programs and strategies.

CONSTRUCTION PROGRAM

The goal of the construction program is to deliver as high a value as possible to the Nation from the overall availalble funding through the construction of new water resources projects and the replacement, rehabilitation, and expansion of existing water resources projects in the three main Civil Works missions (flood and storm damage reduction, aquatic ecosystem restoration, and commercial navigation) and related projects (principally hydropower). The Fiscal Year 2012 budget includes $1.48 billion in the Construction account and $78 million in the Mississippi River and Tributaries account to further this objective. Consistent with this goal, the Budget also gives priority to projects that address a significant risk to human safety.

The budget funds 92 construction projects, including: 55 Flood and Storm Damage Reduction projects (three budgeted for completion); 16 Commercial Navigation projects (including five continuing mitigation items and four dredged material placement areas); 19 Aquatic Ecosystem Restoration projects (incluing three projects to meet Biologiocal

Opinions); and mitigation associated with two Hydropower projects. Two of these construction projects are new starts. In the construction program, the aquatic ecosystem restoration mission also includes significant environmental mitigation work in the Columbia River Basin and the Missouri River Basin needed to support the continued operation of Corps of Engineers multi-purpose projects, which improves habitat and migration pathways for endangered and threatened species.

Performance measures, which the Corps uses to establish priorities among projects, include the benefit-to-cost ratios for projects with economic outputs and the most cost-effective restorations of significant aquatic ecosystems. The selection process also gives priority to dam safety assurance, seepage control, static instability correction work and to projects that address a significant risk to human safety. These performance measures maximize benefits to the Nation from the Civil Works construction program by focusing on the projects that will provide the best net returns for each dollar invested.

OPERATION AND MAINTENANCE PROGRAM

The facilities owned and operated by, or on behalf of, the Corps of Engineers are aging. As stewards of this infrastructure, we are working to ensure that its key features continue to provide an appropriate level of service to the Nation. Sustaining such service poses a technical challenge in some cases, and proper maintenance is becoming more expensive at many of our projects as infrastructure ages.

The Operation and Maintenance (O&M) program for the FY12 Budget includes $2.314 billion and an additional $131 million under the Mississippi River and Tributaries program with a focus on the maintenance of key commercial navigation, flood and storm damage reduction, hydropower, and other facilities. Specifically, the O&M program supports completed works owned or operated by the Corps of Engineers, including administrative buildings and laboratories. Work to be accomplished includes: operation of the locks and dams of the inland waterways; dredging of inland and coastal federal commercial naviation channels; operating multiple purpose dams and reservoirs for flood damage reduction, aquatic ecosystem restoration, hydropower, recreation, and other related purposes; maintenance and repair of these facilities; monitoring of completed storm damage reduction projects along our coasts; and general management of facilities and the lands associated with these purposes.

REIMBURSABLE 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. Rather than develop their own internal workforce to oversee design and construction of projects, these agencies can turn to the Corps of Engineers, which has these capabilities. Such intergovernmental cooperation is effective for agencies and the taxpayer by using the skills and talents that we bring to our Civil Works and Military Program missions. The work is principally technical oversight and management of engineering, environmental, and construction contracts

performed by private sector firms, and is totally financed by the agencies we serve. We only accept agency requests that we can execute without impacting our Civil Works or Military Programs missions, are consistent with our core technical expertise, and are in the national interest.

Currently, we provide reimbursable support for about 70 other Federal agencies and several state and local governments. Total reimbursement for such work in FY 2012 is projected to be $1.6 billion, reflecting completion of most ARRA work and a general reduction in budget capability for most of our other agency customers. The exact amount will depend on requests from the agencies.

PROPOSED LEGISLATION

The Budget includes several legislative proposals that will improve operations or enable execution of important national programs. The Budget proposes to extend the authority to implement measures to prevent the migration of invasive aquatic species into the Great Lakes, to transfer funds between accounts to enable completion of the New Orleans perimeter protection by June 2017, to purchase the property that houses the Cold Regions Research Engineering Laboratory in Hanover, New Hampshire, and to make a minor modification to existing law that will enable us to serve in an official capacity in meetings of the Permanent International Association of Navigation Congresses. As included in the testimony of Assistant Secretary of the Army (Civil Works) Jo-Ellen Darcy, the Budget also discusses two other important legislative initiatives, concerning the way in which Federal navigation activities are funded.

PLANNING PROGRAM MODERNIZATION

The Corps will continue to implement actions to improve its Civil Works Planning Program performance through a planning modernization effort. This effort focuses on how best to organize, manage, operate, and oversee the planning program to more effectively address 21st Century water resources challenges, including: improved project delivery that yields smarter outcomes; improved technical capability of our planners; enhanced collaboration with Federal State, local and non-governmental partners; evaluating and enhancing Corps Planning Centers of Expertise production capability and staffing; and strengthening the objectivity and accountability of our planning efforts. Our improved planning performance will include: updated planning guidance and policy; streamlined, adaptable planning processes to improve effectiveness, efficiency, accuracy, and reponsiveness; and enhanced technical capabilities.

In FY 2011, the Corps launched a two-year National Planning Pilot Program to test the concepts of this approach within our current policy and to develop and refine methodologies and processes for planning studies across all business lines in a manner that is sustainable and replicable and that will inform future Civil Works guidance. We expect to conduct approximately 7 to 9 pilot studies over the course of the National Planning Pilot Program.

EFFICIENCY AND EFFECTIVENESS OF CORPS OPERATIONS

The Corps always strives to continually improve the efficiency and effectiveness of its investigations, construction, and operation and maintenance programs. In FY 2012, the Corps will further expand the implementation of a modern asset management program; increase its focus onthe most important maintenance work; implement an energy sustainability program; pursue major efficiencies in the acquisition and operations of its information technology assets; and complete the ongoing reorganization of its acquisition workforce.

EMERGENCY RESPONSE

From across the Nation, the people who work for the Corps continue to respond whenever needed to the call to help during major floods and other national emergencies. The critical work they are doing reduces the risk of damage to people and communities. The Budget provides $27 million for preparedness for floods, hurricanes, and other natural disasters, including $4 million in support of the levee safety initiative for Corps participation in the expansion of interagency teams known as Silver Jackets, to include every State, and provide unified Federal assistance in implementing flood and storm damage reduction solutions.

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 by providing more cost-effective ways to operate and maintain infrastructure, Civil Works program research and development contributes to the national economy.

NATIONAL DEFENSE

Internationally, the U.S. Army Corps of Engineers continues to support the mission to help Iraq and Afghanistan build foundations for democracy, freedom and prosperity.

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, particularly with our ongoing missions in Afghanistan and Iraq. Men and women from across the Corps – all volunteers and many of whom have served on multiple deployments – continue to provide critical support to our military missions there and humanitarian support to the citizens of those nations. Currently, 1168 Corps employees (civilian and military) are deployed in Iraq and Afghanistan, where they have completed a total of over 6,000 infrastructure and water resources projects.

Ms. Darcy and I traveled to Afghanistan last month. As with every opportunity that I've had to travel to that theater, I continue to be amazed – but not surprised – by the progress being made. It was truly a privilege to visit with the outstanding Corps men and women who are making this happen, and to see their dedication and commitment.

In Afghanistan, the Corps is spearheading a comprehensive infrastructure program for the Afghan national army, and is also aiding in critical public infrastructure projects.

CONCLUSION

The Corps of Engineers is committed to staying at the leading edge of service to the Nation. We are committed to change that ensures an open, transparent, and performance-based Civil Works Program.

Thank you, Chairman Baucus and Members of the Subcommittee. This concludes my statement.

Senator BAUCUS. Thank you both.

Obvious question is, how do you propose to do more with less? We have fewer dollars. You have a very ambitious schedule. To be candid, so far it is pretty vague. The Administration really hasn't told us how it proposes to finance the funds, the Inland and Harbor. It is going to be hard to see, for me anyway, to see how we are going to get much accomplished with that State of affairs.

What is your reaction? It sounds like it is kind of brave, we are going to do all this with fewer dollars. Are you just being stoic? Are you scared? Are you being candid with us? Everybody likes to do more. But you have fewer dollars. So how are you going to do it?

Ms. DARCY. Mr. Chairman, we are going to have to do the best we can with the budget that we have been presented. We have, as the General said, a number of ongoing projects. We will be able to complete some projects with this funding level. But a lot of our infrastructure is old. We need to come up with a way to recapitalize that infrastructure, not only our locks and dams, but the rest of our infrastructure, within our mission.

We are looking forward to working with the Congress on both the Inland Waterways Trust Fund in an overall recapitalization strategy for infrastructure that is more than 50 years old.

Senator BAUCUS. Let's just look at Harbor Maintenance, for example. It is my understanding, frankly, that you estimate that full channel dimensions at the Nation's busiest 59 ports are available at less than 35 percent of the time. As you know, you proposed to spend $758 million when the fund carries a $6 billion surplus. I sure am interested in doing something to make better use of the asset balance. What can you tell me? What do you intend to do? What would those expenditures be? You say you have proposed changes. But you haven't indicated what they are.

Ms. DARCY. Senator, within the Administration, both the Office of Management and Budget and Department of Transportation and other Federal agencies are developing exactly what those proposals would be. The goal is to use the Harbor Maintenance Trust Fund for the Nation's ports, in addition to the navigation needs. So whatever the other needs within the agencies, whether it is homeland security for example, we are trying to develop a proposal for what it is those additional needs and those additional dollars would be spent on.

Senator BAUCUS. Also the same question, somewhat applied to the Inland Waterways Trust Fund. You propose to spend about $166 million for 12,000 miles of rivers and channels. Of that $166 million, only $77 million would come from the Trust Fund. You talk about other fees, maybe you are changing the 20 cent per gallon diesel fuel. I will be totally candid. This reminds me of the Administration's proposal on the Highway Trust Fund. Basically proposing $556 billion in highways, roads, bridges and so forth, but no proposal how to pay for it. It was a vague, vague promise.

If the President doesn't lead, if the President and Administration don't make specific proposals, I suggest that not much is going to happen. Not much is going to happen. The President must lead. The Administration is not leading.

I am very concerned. Because if you wait for Congress, we are unfortunately deadlocked, we are going to cut budgets. I just sug-

gest if you have some ideas that you want to pursue, that you, the Administration had better come up with something pretty fast. Pretty fast. I just see this trend, this trend line. You make vague proposals, but nothing to back it up. So where is the beef?

I see words, not deeds. I just urge you, quickly, because if you wait for us, I am concerned. I am concerned because I haven't heard from you, that is, the Administration. So when are we going to hear from you?

Ms. DARCY. I couldn't give you a date right now, Mr. Chairman, but we are in conversations within the Administration to come up with a proposal, and soon. Because as you have noted, the revenues are dwindling within the Inland Waterways Trust Fund. That is a major concern, because that part of our navigation system is aging and is in dire need of repair.

Senator BAUCUS. It is infrastructure generally in this country. It is highways, it is transportation, it is harbor Maintenance, it is inland. This country is in a world of hurt. That is why Presidents run for these jobs. The proposals go along with the territory. If you are going to make grand statements, you have an obligation to back them up. I am just urging you in your deliberations to fight hard to get proposals. Tell them, I don't know if I can speak for the members of this committee, but speaking for one member of this committee, you can say, they are not happy. You had better come up with something quickly, it is going to get worse. Time is running out.

Ms. DARCY. Yes, sir.

Senator BAUCUS. Thank you.

Senator Vitter.

Senator VITTER. Thank you, Mr. Chairman. I certainly echo your words.

As I said, I want to turn to some very important Louisiana-specific issues that were in my recent letter. The first is Morganza to the Gulf. That is an absolutely vital project that has been lingering and delayed for decades now.

Most recently, this came up between us during the General Walsh confirmation process. At the end of those discussions, both of you gave me a specific, in fact a written commitment, to finish the Morganza PAC report by its scheduled date of December 2012, and if there was any way to accelerate that. I accepted that specific commitment.

Instead, what has happened since General Walsh's confirmation is that the Corps included zero funding in the budget proposal to do that study while it initiated four new start studies. More recently, the Corps announced that all of that work would stop at the end of the fiscal year. So that commitment, finishing the PAC report by December 2012, apparently is not going to be met.

How is that keeping the specific commitment that was made to me during those discussions?

Ms. DARCY. Senator Vitter, we are going to make every effort to complete that post-authorization change report by December 2012. We will be looking for other funds.

Senator VITTER. OK. Just to be clear, you all did announce that that work would stop dead in its tracks at the end of the fiscal

year, that it would not be completed. Are you telling me that is no longer true?

Ms. DARCY. That is not correct, sir.

Senator VITTER. OK. Well, that was announced. So if this is the announcement of a reversal of that, I applaud it.

Second issue is the Louisiana Coastal Protection and Restoration report. Coming out of Katrina, the Federal taxpayer, through the Corps, committed to build a true 100-year level of protection, what we thought was there before but wasn't. That is what we are trying to complete by June 1.

But then the taxpayer, through the Corps, also committed to move forward to higher levels of protection. Specifically, that was going to be through the LACPR report. Through congressional language, you were mandated in this report, which is now this document, to produce specific project recommendations. Specific project recommendations. Then it also said the Secretary shall expedite completion of the reports on those recommendations and proceed to pre-construction engineering and design.

Instead, we got this thick, beautifully bound, nice cover report for $20 million. It doesn't contain a single specific project recommendation. Twenty million dollars, multiple years, not a single project recommendation. That was wording in the act of Congress. Why not?

Ms. DARCY. Senator Vitter, I believe that the legislation asked for specific recommendations to the maximum extent practicable. We have a number of alternatives within that report. We have not made specific recommendations for those. One of the recommendations in the report, however, was to work with the State of Louisiana to come up with what those alternatives and priorities should be.

Senator VITTER. So when is there going to be a single, a first specific project recommendation?

Ms. DARCY. I can't give you that answer, sir. I don't know.

Senator VITTER. OK. Let me suggest, for $20 million, we got a doorstop. This is not moving a higher level of protection forward one inch. Not one inch.

It is clear to me that we are never going to get a specific project recommendation out of it. That was the language that we used in the act of Congress. We even said then, you take that and you move on to engineering and design.

OK, 100-year level of protection. June 1, we are all working toward that deadline. I am very, very glad that we are going to meet that deadline in some sense, and I thank you again for the Corps' work. However, as you know, there are multiple aspects of the system that are being built in a temporary way to meet the June 1 deadline. There are multiple structures that you have termed temporary, not permanent.

So my question is, when will all that temporary stuff be made permanent? No. 2, do you have the funds already to make all the temporary stuff permanent? Because we are spending on the order of $150 million on temporary stuff that we are going to have to tear up to make permanent.

Ms. DARCY. Senator, we do have sufficient funds to meet the 100-year, protection both the permanent as well as the temporary

measures within the existing funding that we have ($14 billion). I think the date is August, when the permanent measures will be complete. We will be in a position by the end of this calendar year to be able to meet the accreditation for the system.

Senator VITTER. Are you saying the permanent will be complete by the end of this calendar year? Because I don't think that is the case.

General VAN ANTWERP. Senator, there are some features, like the permanent pumps for example where the schedule goes out after that. A lot of these temporary facilities, there are Hesco Barriers across the road, there are skid-mounted pumps. In one case, we have the permanent pumps, but to get the June 1 date, we are leasing some pumps and then we will turn those back in when we put the permanent pumps in. We actually have them on site.

All this is scheduled, and we would be glad to come and lay out the schedule for each one of those. We know every one of those temporary measures and when it is going to go permanent.

Senator VITTER. I don't want to take up more time here, but could you give me a written schedule, where any item that is temporary will be made permanent?

General VAN ANTWERP. Yes.

Senator VITTER. Next to that time line, the funding source, which you say you have in hand already, to get that done.

Ms. DARCY. We can do that.

General VAN ANTWERP. We have sufficient funds to do it, and we can give you that schedule, with each one of those temporary places outlined.

Senator VITTER. Thank you. I have one more item, but why don't we go on to other members and I will come back.

Senator BAUCUS. Yes, we probably should.

Senator Inhofe.

Senator INHOFE. Let me mention a couple of issues that we talked about before, but I think it is significant. What I am concerned with here also applies in a lot of other areas. We authorized, actually, this Red River chloride project way back in the 1960s. Then in the 2007 bill, which you were here and familiar with at that time, it was authorized to continue the work. It would have actually been all at Federal expense.

The problem we are having right now, and this is always a frustration, we are sitting around waiting until, the planning can't be completed until 2016. Yet, just less than 30 miles away, down in Texas, right across the Red River, we already have a project very similar to this. The planning would be about the same, the environmental impact studies and all of that. I am going to be asking if we could have that as part of the consideration so we get this thing moving. It is something we have been working on since the 1960s. Maybe, General, do you have a memory of this particular project?

General VAN ANTWERP. Senator, I don't have a good memory on this one. But I could get back with you on that.

Senator INHOFE. Well, yes, because here is the problem. If the planning won't even be done until 2016, there is no reason for that, because it is the same, essentially the same planning. In fact, I have another on the next issue, a very similar thing. It seems to me, as we look at things like this, and I look at it as a citizen

would look at it, that we have something that is going to be done some day, it has been authorized, it is all agreed upon. Yet there is always some obstacle that holds it up. In this case, it is the planning, but I contend it would be the same planning as has already taken place down in Texas.

So the only request I have is, I would like to have you look at it carefully and see if, if because the planning has taken place, if this could shorten that timeframe so that we could get started on the project.

Then the other thing that I know you are familiar with, because we talked about this in my office, is we have been pretty successful, I think I mentioned this in the opening statement, I think Georgia and Oklahoma were the most successful in putting these demonstration projects, lake projects to work.

The interesting thing about this is, everyone up here is concerned, all they talk about is money and the cost and the fact that we don't have the money. These don't cost any money. These are demonstration projects that were there because they don't cost money, and it induces the private sector to venture the capital and to get involved in these. The one in northern Oklahoma has been very, very successful.

Now, the project that is in Lake Eufala is one that if we could do it the same way we did it in the project up at Skiatook, as you and I had talked about in my office, then it would be something where you could go ahead with this one project and not have to do a lake plan on the entire lake. If you did it that way, I can assure you if we had done it that way up in Skiatook, it still wouldn't be done today. Now it is already done, it is prosperous, employing people, and it is developing in the economy, it is a good program.

So what I would like to get is an idea as to whether or not you would use some of the flexibility that we have and apply some of the same techniques to that project in Eufala that we discussed as we did successfully up in Skiatook, recognizing that people paint themselves into a corner sometimes and say, well, this can't be done, then you have to cover for somebody else. But that seems reasonable to me. Does that sound reasonable to you, Madam Secretary?

Ms. DARCY. It sounds reasonable, Senator.

Senator INHOFE. I appreciate that. Just one short question. Do you think it would be necessary for anyone who is waiting to go through with a project to have to hire a lobbyist or an attorney in order to get that done?

Ms. DARCY. No, sir.

Senator INHOFE. I knew that would be your answer, and I agree.

Last, on the Arkansas River Corridor master plan, we have executed the feasibility cost share agreement, which we talked about in my opening statement. There are a lot of things that I want to ask for the record, but I will just ask this one question now. In light of the scarce resources and the Continuing Resolution, we don't know how these things are going to turn out. But assuming that those resources are unusually scarce, how will the Corps determine which projects with executed cost share agreements will be supported with those resources? Do you have a plan that you can share with us?

Ms. DARCY. You are talking about the rest of this fiscal year, sir?

Senator INHOFE. Yes.

Ms. DARCY. Well, depending upon the final appropriation, whether it is a Continuing Resolution through the year, based on 2010 levels——

Senator INHOFE. I suspect strongly, Madam Secretary, it is not going to be adequate. So you still have to prioritize.

Ms. DARCY. We are going to have to prioritize. If we get a Continuing Resolution through the rest of this fiscal year, we will develop a work plan based on what was in 2010.

Senator INHOFE. On what criteria you would use. Then you could perhaps share that with us during the development of that criteria.

Ms. DARCY. Yes. In the past, it has been a 30-day turnaround time for a work plan that is approved.

Senator INHOFE. Yes. The last question, what do you like better, that side of the bench or this side?

[Laughter.]

Senator INHOFE. I think I know. Thank you very much.

Senator BAUCUS. You bet.

Senator Cardin.

Senator CARDIN. Thank you, Mr. Chairman. Let me thank both of our witnesses.

It is quite clear that in this budget climate, we are not going to have the resources to be able to do all that we need to do. I thank you for the way that you have prioritized. I looked at the President's budget, and obviously I would have liked to see more in it. But I thought that the priorities, the way that you went about it, was the way that we need to go about making these tough decisions. So I thank you for that.

I am going to talk about one or two projects in Maryland. But I want to talk first about a success that we have had with Poplar Island. You have been there, you understand this. But at the time, it was rather controversial, because we were taking an important site for dealing with dredged material that dealt with keeping channels open, and we combined that with a priority ecosystem project. When you do the cost benefit analysis, that can become a problem.

So I guess my question to you is, what steps are you taking to make it so that we can do these types of projects in the future, where you are combining two types of priorities, one ecosystem restoration, the other to deal with maintaining channels opened by dredge sites?

Ms. DARCY. Senator, one of the things that we are in the process of doing is revising what is called the Principles and Guidelines, which are the rules that we follow in order to determine what is in the Federal interest and determining what the investment should be in a water resources project. We are modernizing those. They were implemented in 1983. So we, along with the other Federal agencies, are modernizing those. We hope to have those developed by June of this year.

What they will do is allow us to look at other benefits from water resources projects, not just the National Economic Development benefits, but in addition, what the environmental benefit is, what the social impact of that project would be, and have these types of

consideration be more on an equal footing as opposed to just the economic driver in the past.

Senator CARDIN. For the benefit of my colleagues, Poplar Island was an island that at one time was inhabited that had just about disappeared within the Chesapeake Bay. The Corps restored that island using dredged material, using it as a dredge site, which was very important to keep the channel open, probably the major dredge site keeping the Port of Baltimore open. It restored an ecosystem that is now the pride of the community. It is an incredible site, and I invite you all to visit. It is not too far away.

We now have a second location, as you know, the Mid-Bay areas. We are making progress in moving forward with that particular program, James and Barren Islands. My question to you is that, that has gone through an exhaustive study, it has gotten the Chief's Report, things are moving forward in a very progressive way. There is funding in order to move forward with that site.

However, it does not have congressional authorization at this point. As you know, we are going through some different views as to how Congress will authorize projects in the future.

My question to you, is the Administration prepared to ask Congress to authorize the Mid-Bay project so that we can stay on track to keep that moving forward?

Ms. DARCY. Senator Cardin, the Mid-Bay Island project is still within agency review within the Administration. So as you said, there is a Chief's Report, but that Chief's Report is still undergoing Administration review.

Senator CARDIN. What is the time schedule on that?

Ms. DARCY. I wish I could give you a date, Senator, but I am working on it.

Senator CARDIN. Here is a challenge, and I understand you have a lot of things that need to be done. The challenge is that if we are all in agreement that this project needs to move forward, in the appropriate priority order, I understand the different priorities, but we need to stay on schedule in order for dredged material to have a place in a way that not only keeps our channels open but also deals with the ecosystem restorations. If we run into a situation where you are blocked and you want to move forward because you don't have congressional authorization, and we can't move until you move because of our new rules, we are going to have a problem.

So I just urge you to understand the new environment in which we are operating and give us a little bit of room, and a little bit of flexibility. If you need us to act, ask us to act, so that we are not blocked in moving forward on what we think is a very important project.

One last point, and that is on your analysis, I thank you for all the help you have done in the Port of Baltimore. I can tell you chapter and verse of what you have done. But when we get to our rural ports, such as Salisbury, the cost analysis sometimes doesn't work the same way, even though the port of Salisbury is vital to the rural part of our State. We just urge you, as you go through the new way of doing these analyses, to understand the importance of these ports, particularly in rural areas, to the economic strength

of that community. Salisbury is a case in point, critically important to the people of the Eastern Shore.

Thank you, Mr. Chairman.

Senator BAUCUS. Senator Barrasso, you are next, and then Senator Whitehouse after that. I have to step out for a few minutes.

Senator BARRASSO. Thank you, Mr. Chairman.

We have been debating in Congress the scope of this Administration's attempt to regulate climate change using what I feel is a back door method toward cap and tax policies, and trying to do it through regulations, where legislation could not pass this body. I have introduced legislation that would stop such policies across all agencies. I have highlighted that climate change regulations are being pursued way beyond the Clean Air Act at the EPA.

I took note of a recent January 2011 report issued by the Bureau of Reclamation and the Army Corps of Engineers. The report is entitled Addressing Climate Change in Long-Term Water Resources Planning and Management. The report says, "The Bureau of Reclamation and the United States Army Corps of Engineers recognize that there is a critical need to begin incorporate climate change science into the design, construction and operations of our water resources management infrastructure." I will say it again. "The Bureau of Reclamation and the United States Army Corps of Engineers recognize that there is a critical need to begin incorporate climate change science into the design, construction and operations of our water resources management infrastructure."

I would ask both of you, is that a statement you agree with, don't agree with, and what are your positions on that?

Ms. DARCY. Yes, sir, I agree with that. We are currently looking at adapting our projects to incorporate climate change, things like sea level rise, increased temperature of waters, to consider those when making project decisions and design decisions.

Senator BARRASSO. General?

General VAN ANTWERP. I agree with that statement, Senator.

Senator BARRASSO. Then what science are you using, General?

General VAN ANTWERP. Some is data measured science. Other is prediction based on the actual temperatures, for example, whether we get more snow melt, what is the effect on our systems. We are also looking at the Everglades and the Florida Keys, for instance, where we have measured sea level rise over time, and what would happen if we continue on that trend line. We look at the worst case, we look at the current case if you just extrapolate it out, and then we look at a lesser case. We try to predict and do what is appropriate based on those scenarios.

Senator BARRASSO. So you are going to use taxpayer dollars in making decisions on how to spend those dollars in the design and construction of, in terms of infrastructure. My question is, what statute if any do you believe authorizes the U.S. Army Corps to embed climate change into your mission?

General VAN ANTWERP. From our standpoint, if you design a project and it is supposed to have a certain project life, then you have to account for what happens during the entire lifetime of that project. For instance, in New Orleans, we are building some of the bases of the levees wider so that you could come back later and build them higher, because we know we are going to get some sub-

sidence; we know we are going to have some climate change affecting them.

If a levee is designed for a 50-year life span, then we look at what happens during those 50 years. We feel that this is authorized as part of project design.

Senator BARRASSO. Recently I had a chance to visit New Orleans, and I can understand how you can predict some of the subsidence in the levees. Are you talking about man-made climate change or are you talking about just climate change in general?

General VAN ANTWERP. I don't know if I would draw a real distinction of man's contribution. Probably the most easily measured right now is sea level rise; we know what sea level rise has taken place. So we actually have the data for that. But the other is predictive, based on the experts that help predict the weather and predict the snow melt and all those kinds of things, what is happening to the glaciers, all that is part of that scientific study.

Senator BARRASSO. Over what period of time are you looking when you say the predictive value? Are you talking 50-year trends as you make decisions?

General VAN ANTWERP. Generally a 50-year trend for a project. If you are building a port, for example, if you are going to a certain depth of that port, then one of the things that it does affect, and we have seen this more and more, is dredging. It affects the silting in, because if there is a slight sea level rise, it affects how far the saltwater intrusion goes up in the mouth of the river. All these are things that are measurable.

Senator BARRASSO. Thank you, General.

Senator WHITEHOUSE. Welcome. In Rhode Island a year ago, we had the worst flooding that anyone can remember. We had 100-year flood limits, overwhelmed, all over the State. We had 500-year flood limits hit in a number of places. Twenty-five thousand plus homes were flooded, nearly 3,500 businesses. I can remember standing on flooded roads and watching rivers flow over bridges that ordinarily went over the river. I watched a father and son have to be picked out of a truck that had filled up to the windows with rescue folks and boats. In West Warwick, there were families that had to be taken out of the upper story windows of their homes by jet ski and boat. It was a really big thing.

It was particularly traumatic economically, because Rhode Island's history goes back to the mills that were powered by the rivers, all the way back to the famous Slater Mill of Pawtucket. So the job loss and the interruption economically was very profound. Now we are trying to recover from it. We are working with you all, and I just wanted to try to see where we are on some things.

Ms. Darcy, you state that there is sufficient carryover funding from prior years to finance the Section 205 Continuing Authorities program for flood damage reduction for Fiscal Year 2012. Exactly how much funding is currently available for Section 205 projects, and does this funding level allow for any new projects to be initiated?

Ms. DARCY. What we have done in this budget is taken $23 million from our carryover for the Continuing Authorities Programs for four of the specific programs, and put them into five of the other programs. I can get you, hopefully before the hearing is over,

the exact number of what would be in that particular Continuing Authorities Program.

Senator WHITEHOUSE. It was a pretty bad flooding year in a lot of areas. Presumably there is going to be an influx of Section 205 applications. Are you taking that into consideration? Or is there a distinct possibility that the new projects coming in will overwhelm the funding that you have the ability to carry forward?

Ms. DARCY. Senator, I think we will have to look at the funding level we do have in the CAP program and will have to consider each incoming request individually.

Senator WHITEHOUSE. The flooding was so significant, and the evidence that climate changes are in fact creating far more heavy precipitation events, particularly in the northeast so abundant now that it appears that the only sensible thing to do is to reconsider some of the 100-year flood, 500-year flood planning and rethink what is really likely to be faced, by particularly these urban communities with rivers flowing through them, and their vulnerability to flooding.

As we look at those, these studies are particularly significant. I am hoping that you can assure me that you will continue to help Rhode Island assess these infrastructure weaknesses and assess the vulnerability of these rivers to these flooding events, that it will continue to be a priority for you.

Ms. DARCY. Yes, sir. I can also answer your earlier questions. We have sufficient funds for all Section 205 projects already in design and construction.

Senator WHITEHOUSE. OK. But does that leave you any margin if other ones come down the pike for you? Or does that exhaust your 205 capacity?

Ms. DARCY. I am not certain.

Senator WHITEHOUSE. Can you take that as a question for the record?

Ms. DARCY. Yes, sir.

Senator WHITEHOUSE. We just want to know how bad the situation is in terms of the likelihood of what we need getting funded.

One of the biggest problems we have is that we have dams that have been around a long time. They are in heavily populated areas, heavy residential population, also heavy commercial activity. We have 95 high hazard dams in Rhode Island. Obviously, we need your help with them. Can you tell me how you prioritize dam repair funding in your budget proposal with respect to high hazard dams in high populated areas?

Ms. DARCY. Senator, we have a dam safety program within the Army Corps of Engineers that assesses the dam safety requirements for all of those which are Federal dams. We call Dam Safety Action Classification (DSAC) 1 the dams that are most highly vulnerable and the highest risk to public safety. Those dams are the ones that are at the top of our priority list for funding. We are funding all of our ongoing DSAC 1 dams in this budget. But again, these are Federal dams, they are not private dams.

Senator WHITEHOUSE. OK, Mr. Chairman, thank you very much for letting me go over a few moments. If I could just add one point?

Senator BAUCUS. Sure.

Senator WHITEHOUSE. On the question of whether the Army Corps should be paying attention to the factual observations and the scientific trends related to climate change, or whether they should be listening to the political messages coming from this building, I think that the story of King Canute settles the question of whether political orders or the natural order will ultimately prevail. I am pleased that you are staying with the facts and the science and the natural order. Because I think that is going to be the real effect out in the world.

Thank you, Chairman.

Senator BAUCUS. Thank you.

Senator Boozman.

Senator BOOZMAN. Thank you, Mr. Chairman. We appreciate our witnesses. Thank you for being here, and we do appreciate your hard work in sorting through these problems.

I would just like to, I think with several others today, just go on record as saying that we really do need some detailed planning regarding the Inland Waterways Trust Fund. That is something that I think you all are going to have to lead on. I think the President is going to have to lead on. But it is something that needs to be done.

We hear a lot about the completion of the Panama Canal, as it is retrofitted, and people are telling us, it is going to have, potentially, could have a tremendous impact, if we are ready for it as things are done a little bit differently with our shipping lines. So again, I would really encourage you to do all that you can do to help us.

I will let you respond to that in a second.

The other thing is, I was wondering, we have an earmark moratorium right now. I think all of us agree that the teapot museums, things like that, in the climate that we are in now, we have to be so frugal with the taxpayers' money. I was wondering, in the public they understand that in getting ready for the Panama Canal construction that we need 50-foot harbors here and there to make room for these gigantic ships that come through.

I was wondering what kind of problems you are encountering in the sense that we can't authorize a lot of that stuff right now. If you are in the middle of projects now that you have put money toward, and yet you need more authorization to complete the project, but we really don't have the ability now to provide the authorization. Can you comment on that for us?

Ms. DARCY. Senator, regarding the post-Panamax vessels that are going to be coming this way, we do have several harbors that are currently dredged to 50 feet, which can accommodate a post-Panamax vessel. We have several studies underway for the deepening of other ports around the country to a 50-foot depth.

Senator BOOZMAN. I don't mean to interrupt, but do we have that on both the east coast and the west coast?

Ms. DARCY. Yes, sir.

Senator BOOZMAN. Very good.

Ms. DARCY. Baltimore and Norfolk on the east coast are currently at 50 feet. New York-New Jersey will be going to 50 feet. We have 50 feet at Oakland and 50 feet at L.A. Long Beach cur-

rently. We have some ports on the west coast, Tacoma, WA for example, which is naturally at 51 feet.

Senator BOOZMAN. In regard to projects that you need more authorization for, are you having that kind of problem without the ability of Congress to authorize the funds toward the projects? Or do you see that coming in the future?

Ms. DARCY. I think it is coming in the future. Currently we have a number of studies underway to determine whether an additional depth is warranted, both economically and financially for the Federal investment.

Senator BOOZMAN. Well, not only depth, but I am just talking about projects in general that are going on that the Corps has a hand in.

General VAN ANTWERP. If I might just add, right now we have six projects that are authorized but not constructed, authorized to go to the 50-foot, but not constructed to that level yet.

Senator BOOZMAN. But again, projects in general that the Corps is doing, whether it is deepening a channel or some other thing that you are in the middle of, are there cases now where you are going to need additional authorization to complete the project? Is that going to be a problem in the future?

Ms. DARCY. Senator, it could be a problem in the future. But currently, within the funds that we have, what we have to do is prioritize within the authorized projects that we have, both within the ports program as well as within the Inland Waterways program. So whatever depth is currently authorized, we will prioritize within our criteria for determining whether it is a budgetable item or not.

Senator BOOZMAN. Thank you. Again, I very much would appreciate, like I said, your leadership, the President's leadership and the committee's leadership. I know I can speak for all of us, we are very willing to try and figure out the Inland Waterways Trust Fund. But we are going to need some help in that regard.

Thank you very much. Again, thanks for all you do.

Senator BAUCUS. Thank you, Senator.

I would like to ask you, Secretary Darcy, about some Montana issues. One is certification of levees. We have talked about this before, along with FEMA. A very good meeting a couple or 3 months ago. I thought it was good, people want to work together.

But the upshot of it is that there are a good number of levees in our State that can't be certified. FEMA is redrawing flood plain maps. Some of these, it is going to turn out, it is clear that the levee is not adequate, which is going to force insurance rates to go up very significantly.

The Corps, until recently, used to pay for those certifications. But apparently it does not, my understanding is that Federal waterways along the Mississippi, not in States like Montana, or Missouri. That is a problem.

We talked a bit about floods. We are going to talk more about floods. But it doesn't rain much west of the 100th meridian, ordinarily. The population density is very scarce. Our population in Montana is six people per square mile. I think the most populous State might be New Jersey, with 1,000. It rains in New Jersey. It rains in Washington, DC. It does not rain in the west. At least in

the high plains States. It doesn't rain. Our annual rainfall is maybe at 13 inches, 14 inches, something like that. That includes snow. Ordinarily. Although this last year, we had a little more snow, so we could have floods.

But my point is, ordinarily it doesn't rain very much, which means we have very low population densities. We are just different from other parts of the country. We don't have the population, don't have the resources to support a lot of projects that other communities can support. There would be no interstate highway through Montana if we didn't have an interstate highway system, where Americans paid diesel and gasoline taxes and we distribute dollars back to the States for highway programs. We couldn't afford it. We have the highest State gasoline taxes already in the Nation.

People would drive across the country, they would get to the high plains States, and they would stop, there wouldn't be any interstate any more. We can't handle it. We are just different in the west, because it does not rain.

So these small communities are strapped. They are really strapped. I would guess on some kind of a, figure out a formula, on a population resource base formula of some kind, that these small Montana communities, like Mile City, MT, for example, they can't afford it.

So I am asking you, don't you think this is a fairly high priority? That is, to get certification or pay for the certification of some of these smaller communities that otherwise can't afford it? Because you did do that up until 2008, then stopped, leaving them—no pun—high and dry. What can you do?

Ms. DARCY. Senator, you are correct, we did certify and then in 2008, in many cases, we stopped certifying. Currently we certify levees that we build and also levees that we have built. The only time we can certify non-Federal levees is if a local entity provides the funding and it is determined that the Corps of Engineers is uniquely qualified to do that certification, as a result of the Thomas Amendment.

But the rural communities are in a situation, as you know only too well, of being financially strapped in order to do this certification. But the determination was made that the certifications that we were doing were just not in the budgetable part of our levee safety program.

Senator BAUCUS. That determination was made by whom?

Ms. DARCY. It was made in 2008.

Senator BAUCUS. By whom?

Ms. DARCY. By, I believe, the Secretary at the time.

Senator BAUCUS. Who was that?

Ms. DARCY. In 2008 it would have been Mr. Woodley.

Senator BAUCUS. Who is Secretary now?

Ms. DARCY. That would be me.

Senator BAUCUS. Do you have authority to modify that determination?

Ms. DARCY. Within our budget, yes, sir.

Senator BAUCUS. Do you have authority to change priorities around a little bit?

Ms. DARCY. A little bit.

Senator BAUCUS. Do you think these certifications, we are not talking about huge, big projects here. We are just talking about certifications. Don't you think that might be a good idea?

Ms. DARCY. I think it is something that I will look into immediately, sir.

Senator BAUCUS. Thank you very much. Because it is a problem. It is a real problem.

Ms. DARCY. It is a problem around the country, sir.

Senator BAUCUS. Especially in some of our communities. It is really tough.

Next subject, very briefly, I am going to be very brief here. The Authorized Purposes Study, has money been appropriated for that?

Ms. DARCY. Yes.

Senator BAUCUS. Then there is an amendment, I guess over in the other body, to not pay for that, it's on the Continuing Resolution. I presume the Corps does not favor that amendment to strike the continued funds for that authorized study?

Ms. DARCY. The President's Budget does not contain any funding for that study.

Senator BAUCUS. No funding?

Ms. DARCY. No.

Senator BAUCUS. Why are you stopping midstream?

Ms. DARCY. The Administration never budgeted for that study. It has always been a congressional action.

Senator BAUCUS. Aren't you about halfway through it? Aren't you conducing the study? Congress, my gosh, if we are doing a study, it is a waste of money to stop midway.

Ms. DARCY. We have been conducting the study and doing a lot of surveys that have been required by the legislation. But it is not included in this year's budget.

Senator BAUCUS. Don't you want to know the results of a study so you are more efficiently spending your dollars? This is huge. Because it is my understanding that this study could very well result in different priorities for the Corps on this system, because a study would show that it is more efficient, makes more sense to spend dollars in some areas rather than other areas. I presume, the whole subtext of the whole afternoon is you have to spend dollars wisely, because we don't have as many.

Don't you think you want to learn as much as you can, to spend dollars as wisely as you can, ordinarily, as a general principle?

Ms. DARCY. Yes, Senator. However, within this limited budget, this study in particular did not——

Senator BAUCUS. Don't you think you would learn a lot more if this study were completed?

Ms. DARCY. We probably would.

Senator BAUCUS. You could make decisions with respect to priorities much more accurately?

Ms. DARCY. I think the study would help us to inform future decisions, yes.

Senator BAUCUS. Especially when people think that the results of that study will show quite a significant difference, a different result compared with current Corps practices?

Ms. DARCY. I think there is probably some validity to that. However, I think others would argue——

Senator BAUCUS. Do you have the authority to spend dollars to complete the study, Secretary?

Ms. DARCY. I currently don't have it in my budget.

Senator BAUCUS. But do you have authority to change your budget, so you could have, dollars could be spent to complete the study? Do you have that authority?

Ms. DARCY. The authority to prioritize——

Senator BAUCUS. Do you have the authority to shift funds, given X number of dollars, given that X number of dollars, shift funds so that the study would be completed? Don't forget, we are not talking about a new study.

Ms. DARCY. Right.

Senator BAUCUS. We are talking about completing a current study. I think I heard you say you had been conducting parts of the study up to this point.

Ms. DARCY. Yes, with congressional adds.

Senator BAUCUS. That is irrelevant. The point is, you have been conducting the study.

Ms. DARCY. Yes, we have been conducting the study.

Senator BAUCUS. I am not exploring who provided the money or didn't provide the money. I am saying, the money has been provided.

Ms. DARCY. Yes.

Senator BAUCUS. You have been conducting the study?

Ms. DARCY. Yes.

Senator BAUCUS. You did agree you would probably be better off if you knew the results of the study, even though it is not in your budget?

Ms. DARCY. Correct.

Senator BAUCUS. You also have authority to find dollars for that study?

Ms. DARCY. I think, and I will have to check on this. I think it would be viewed as a new start. Because it has never been in the budget before.

Senator BAUCUS. I thought I heard the General say they have two new starts.

Ms. DARCY. There are new starts in this budget.

Senator BAUCUS. Well, there are four, according to Senator Vitter.

Ms. DARCY. Yes, there are.

Senator BAUCUS. Well, if there are four new starts, that is not a defensible answer. To say it is not a new start is not a defensible answer. It is not a new start, it is ongoing. We are not going to belabor the point. Listening to you, I think you basically agree with everything I have said, except you just haven't got the money for it.

Ms. DARCY. Correct.

Senator BAUCUS. I am saying that you probably could get the money for it if that were your decision. I am suggesting that you revisit that one, too. Come on. This is not rocket science. You want to know the results of the study so you know how to better spend your dollars, I presume.

Ms. DARCY. Yes.

Senator BAUCUS. I am way over my time. St. Mary Diversion, project, you know about that, St. Mary Diversion, there is money for it, it is authorized.

Ms. DARCY. Yes.

Senator BAUCUS. I think $500,000 appropriations spent on it to get this thing going. It is the same. These poor people cannot begin to pay for keeping the St. Mary Diversion going. It is falling apart. They haven't got resources. They can't pay for it. They need help. I would go back and ask you to look at that one, too.

Ms. DARCY. Yes, sir.

Senator BAUCUS. We are a State where it doesn't rain. We are spread out. We don't have big factories, we don't have big seaports. We don't have big airports. We are all spread out because it just doesn't rain in Montana. We are different.

Thank you. Senator Vitter.

Senator VITTER. Thank you, Mr. Chairman.

By the way, I think what you need to finish your study is about half of this book.

[Laughter.]

Senator VITTER. I would love to give it to you if you could go to some bank teller and cash it in. Unfortunately, it is spent, in my opinion, to little or no effect.

A couple more Louisiana points that I was on. Several parishes in southeast Louisiana have spent $41 million to storm-proof interior pump stations. That is acknowledged to be fully reimbursable from the Feds through the Corps. We have multiple documents acknowledging that by the Corps. There are even documents with a plan to pay immediately for at least $25 million of those funds identified. But the Corps is not doing that to date.

Forty one million to these local entities is a lot of money. They are out. They have fronted that money. That is a big deal to them. When will they get reimbursed?

Ms. DARCY. Senator, the reimbursement has to come from appropriated funds. We don't have the appropriated funds to reimburse them.

Senator VITTER. In your budget, aren't you asking for reprogramming well above that figure?

Ms. DARCY. In the budget, I believe we are asking for transfer authority, not necessarily reprogramming authority. I will double check that. It is both.

Senator VITTER. Under either category, you have numbers well above that $41 million figure that you are trying to move for other purposes. So why can't you use some of that money to repay these locals who are out that amount of money, who have fronted it on the promise of reimbursement, and now there is no reimbursement?

Ms. DARCY. I will have to check. I believe the funds for transfer as well as the reprogramming are identified for other purposes within the larger project. But I can't tell you right now what that is. I will ask staff to help me get you that answer.

Senator VITTER. My point is that they fronted this money on the clear promise of reimbursement. You all say that is correct. You had a plan to reimburse at least most of it. Now you have pulled back on that. Meanwhile, you are asking permission to move

money around within your budget far in excess of that amount for other purposes. That seems unfair when these locals are out what is to them big dollars in terms of their operating budgets.

Ms. DARCY. I will look into where we are moving that money.

Senator VITTER. Final issue is dredging in the lower Mississippi River. This is the most significant maritime navigation channel in the country, in fact, in the western hemisphere. So many things flow into the Mississippi, go to the lower Mississippi, so much commerce depends on that. In the last 3 years we needed $115 million to properly dredge that in 2008, $181 million in 2009, $118 million in 2010. You are budgeting $65 million for this year and you are saying there is not going to be any transfer. We are not going to fill in the gaps any other way.

How are we possibly going to not curtail commerce when you are budgeting well less than half what we have spent in those previous years?

General VAN ANTWERP. Senator, I would say first of all, future reprogrammings are not ruled out. We are watching the status every day. In fact, we are trying to get a third dredge; I am sure you know that we received no bids for that third dredge contract. We are looking to activate one of the Corps dredges.

But we haven't ruled out reprogramming. We are watching it very closely. We have many, many ports and harbors in the Nation that aren't at authorized width. We try to get them to depth first, but it may mean you can't run two ships side by side. We are watching it very closely, and we are watching the navigation industry and the buoys as well. It may be that they are not at authorized width and depth all of the time. That would be the tradeoff. But we are watching it very closely.

Senator VITTER. Let me applaud your saying that future reprogramming is not ruled out. General Walsh has told me future reprogramming ain't going to happen. But I am happy you outrank him.

[Laughter.]

Senator VITTER. Second, we are not shooting for perfection. My concern is not that we are going to be short of what is on a piece of paper. My concern is that we are going to inhibit commerce and basically cost jobs. So if you can please be attuned to that, because that is a vital artery.

General VAN ANTWERP. I get status reports almost on a daily basis. We are watching, is it an inch or whatever.

Senator VITTER. Thank you.

Final comment, which goes back to this idea of temporary structures, in some cases building to June 1, and you said all the money is in hand to make all of that permanent. I obviously hope you are right. That wasn't my understanding. Part of what I was basing my understanding on is this reprogramming sheet from the Corps, which identified future west bank and vicinity needs for resilient futures, resilient is the other word for permanent, $320 million. That gave me the impression that we are basically at least $320 million short.

So I want to make sure that is not your understanding. You think we have in hand what we need?

General VAN ANTWERP. Senator, I think we have what we need to finish the 100-year permanent facilities.

Senator VITTER. Well, again, I know I am repeating myself, but if you all can followup with every feature that is temporary, the time line to make it permanent and where the dollars are in hand to get that done, that would be very comforting.

Thank you.

Senator BAUCUS. Thank you, Senator.

Senator Boozman, you are on.

Senator BOOZMAN. Just very quickly, I notice that you, in your budget, you include $50 million, a $40 million increase on comprehensive levee safety, the levee safety initiative, which is really a big deal in the sense of, in many parts of the country. I would just like for you to comment a little bit about that and tell us where that is in your priorities and things. That is something that, as we understand more about, we are starting to realize the impact of the condition of some of these levees.

Ms. DARCY. Thank you, Senator. The levee safety program is one of our priorities. What we want to use the money to do is get an assessment of the safety of levees throughout the country. We currently have 14,000 miles of levees, Corps of Engineers Federal levees. But there are 100,000 miles of levees in this country that we don't know the condition of, and we don't know the safety of them.

Part of what we are doing is to start out with assessing the Federal levees and then look at the levees of other Federal agencies, as well, as if we can get the information willingly, from private levees. The goal is to be able to get an assessment of what the levee safety is to the best extent possible throughout the country within that budget.

General VAN ANTWERP. Senator, if I might add just a little more of the breakdown. About $20 million of that goes to expand the database, $25 million to conduct inspections of 125 federally authorized levees, and then $4 million for the Silver Jackets program.

Senator BOOZMAN. Thank you, Mr. Chairman.

Senator BAUCUS. Thank you, Senator. Madam Secretary, General, what are the most efficient harbors, ports, in the United States? Which ones are right up there, which ones are you proud of?

General VAN ANTWERP. It depends on how you define efficient. But if you define that they are self-cleaning and don't require dredging and will be at that depth, Tacoma, WA is one, L.A. Long Beach is another. They sustain their depth through natural forces. So those kinds of ports, we wish they were all like that. We have some like Southwest Pass, where we need dredges there most of the time.

Senator BAUCUS. That is very interesting. But if you define it also in terms of volume or tonnage and so forth, then which ones? Efficient, not only self-cleaning, but also efficient inspectors, loading and unloading and so forth.

General VAN ANTWERP. We have 59 harbors that take about 90 percent of the commerce. The total amount of that is about $1.4 trillion. So there is a smaller set of the 926, 928 ports and harbors in the country.

We categorize them by high, moderate, and low use harbors. In this particular budget, we have cut the funding for low use harbors, in half. It was just a matter of priorities, of how we had to use those dollars the best we could. So some of that is based on tonnage and ton miles. That is how we prioritize.

We also look at a lot of other factors, such as safety factors, are they ports of refuge and things like that around the country.

Senator BAUCUS. What about other ports in the world, same question. Which are self-cleaning, which are most efficient?

General VAN ANTWERP. There are a lot of ports that are going to be able to take Panamax ships. That is why we have the ports in our program, to get to that 50-foot depth in the United States. Because that is going to be required if you want to take a fully loaded Panamax ship in the future.

Senator BAUCUS. That is 50 feet?

General VAN ANTWERP. Fifty feet.

Senator BAUCUS. So how many ports can handle 50 feet today, United States.?

Ms. DARCY. We have Baltimore, Norfolk, we will shortly have New York-New Jersey. Oakland on the west coast, L.A. Long Beach, Tacoma, and I think those that are currently at 50. New York-New Jersey will be at 50.

Senator BAUCUS. What about overseas? Are there some ports you look at and say, man, that is sort of the gold standard? Are our ports the gold standard? Which ports are the gold standard?

Ms. DARCY. I think some of ours are gold standard, but I have been to Singapore, and that is a pretty amazing port.

Senator BAUCUS. Have you been to Shanghai?

Ms. DARCY. I have never been to Shanghai, but I have seen Singapore, and that is pretty amazing.

Senator BAUCUS. About 3 years ago, I spent some time talking to CEOs of major companies, business roundtable is what it was. I was concerned about American competitiveness and the need for more up to date infrastructure, and how it is more difficult now for the United States to respond. This country has responded to other crises, Pearl Harbor, the Depression, Sputnik. It is kind of hard to see the current globalization competitiveness that is affecting our country and what other countries are doing. It is just hard to see.

Anyway, I mention all this for whatever it is worth, we were talking in this group informally. One fellow stood up, he is the head of a major transportation company. He said, Senator, I have seen Sputnik. It is Shanghai Harbor. He is scared to death of the efficiency of Shanghai Harbor. I have been there, too. I can't speak with authority as to how good it is compared to others, but I just am concerned about where we are competitively. We have to get our ports and our waterways up to snuff. Because clearly, that helps improve efficiency, lowers transportation costs and helps lower the cost of doing business, American business men and women.

I know we have a budget that is going the wrong direction here. I have been a little bit difficult perhaps in pressing you to figure out how we are going to pay for some of this stuff. But we are under the gun, our country, in my judgment. We had better figure

out pretty quickly how we are going to pay for upgrades to the most efficient infrastructure in the world, so we can compete.

I tell you, we will project more political strength worldwide the more we project economic strength. Part of economic strength is just up to date, solid infrastructure. There is more to it than that, clearly. But we all travel. I travel, I got off a plane 5 or 6 years ago in Chongqing, China. Middle of China. I couldn't believe the airport. It was the most modern, up to date airport I have ever seen. Interstate highway system rivals ours, maybe better. Newer, just as good, 30 million people, have this big interstate highways system, big fancy airport in the middle of China. Let alone all the other infrastructure projects built.

So I am just urging you, we are kind of bring out our little pencil and looking at columns and all that, think big. Thing big, blue sky, in the envelope, we have to start thinking outside the envelope so we start to address these concerns for our kids and our grandkids.

I don't want to sound corny here, but I think all of us have a moral obligation, it does sound corny, but I believe it strongly, we have a moral obligation, all of us, particularly those of us in service, when we leave this place, we leave it in as good a shape or better shape than we found it. We are not here forever. You are retiring, General. You are going to be around a long time, though.

But I just urge us to start thinking big, what are we going to do for our kids and our grandkids. Because if we do that, automatically it means it is going to be better for us too.

I understand that you have to leave. So thanks for your attendance. We appreciate it very much. I was a little firm with some of the questions I asked you, Ms. Darcy. It is not personal.

Ms. DARCY. I know.

Senator BAUCUS. It is just protecting my people and my State, because we have some real, real concerns. I know you understand that.

Ms. DARCY. I do.

Senator BAUCUS. I know you will take it into very strong consideration.

Ms. DARCY. I will. Thank you, Senator.

Senator BAUCUS. Thank you. This hearing is adjourned.

[Whereupon, at 4:20 p.m., the subcommittee was adjourned.]

[Additional statement submitted for the record follows:]

STATEMENT OF HON. BENJAMIN L. CARDIN, U.S. SENATOR FROM THE STATE OF MARYLAND

Madame Chairman:

Thank you for holding this hearing today. The Army Corps of Engineers is an important partner for us in developing and managing the water infrastructure of America. In the Chesapeake Region, they are also an important ally in ecosystem protection efforts.

The President's budget is inadequate to meet the needs we have out there. I think all of us can agree on that. I know that in Maryland a number of important projects are not part of the President's budget for fiscal year 2012.

We also all know that in the current budget climate that not all needs are going to be addressed. So I want to compliment Ms. Darcy and General Van Antwerp for bringing us a budget that makes a serious attempt at balancing our needs with our resources. I particularly want to thank them for working with industry representatives to come up with ideas on how we can put more user fees to work in meeting our harbor and inland waterway needs.

The new Principles and Guidance for the Corps developed in response to WRDA 2007 should provide a new national water policy. The original draft, released in September 2008, did not reflect the clear mandate provided by Congress in WRDA 2007. The final P&G needs to set forth clear and compulsory policies and criteria to guide Federal water project planning. These should include clear directives to avoid adverse environmental impacts to the maximum extent possible, along with specific requirements that ensure compliance. For example, a clear requirement to utilize non-structural and restoration approaches to solve a water resources problem, where practicable, would provide the type of direction needed. Such a requirement would produce projects that preserve and restore the natural systems so critical for protecting communities from floods, droughts, and sea level rise, and for providing vital habitat to fish and wildlife. Such policies and criteria should take precedence over the use over the old benefit-cost analysis used to guide project selection.

As the National Academy of Sciences has made clear, benefit-cost analysis cannot ensure that projects are appropriate for Federal investment, comply with Federal law, or will meet societal obligations that include protecting public safety and the environment. The old cost-benefit analysis worked in some cases. For example, it recognized the importance of the Port of Baltimore. The Port is an enormous economic engine for Maryland with national significance. There are 126 miles of shipping channels leading to the Port of Baltimore. In 2008, approximately 47.5 million tons of cargo, including 33.0 million tons of foreign cargo valued at $45.3 billion, and approximately 14.5 million tons of domestic waterborne cargo, moved through the Port of Baltimore.

Among the 360 U.S. ports, Baltimore is ranked No. 1 for handling several different commodities including trucks and roll-on/roll-off cargo. The Maryland Port Administrations estimates that The Port generates 50,700 jobs in Maryland with $3.7 billion in wages and salaries. Additionally, there are approximately 68,300 related and indirect jobs associated with Port activities. The President's budget reflects this economic power by including funding for the Port, its channels and its primary dredge disposal site at Poplar Island. The Port of Baltimore is one of America's greatest ports, supporting an incredible array of jobs. But it is not the only port in a State that has more miles of shoreline than the entire west coast of America.

Salisbury is a relatively small city and an unexpected place for Maryland's second busiest port. Located 30 miles inland from the Chesapeake Bay, the port of Salisbury is vital to the entire Delmarva Peninsula. Under the old formula, the vital nature of this port to an entire region of the country is given little importance because the total commercial value of the shipments handled at the port cannot rival those of the Nation's major ports.

Farmers need Salisbury to move corn and soybeans to market. Shale, sand and aggregates move up and down the Wicomico River, supporting thousands of jobs in the construction industry. The rural economy of the Eastern Shore is tied to the port, but that value is underestimated in a strict cost-benefit analysis. Similarly, Maryland is home to scores of other ports, many of them tiny operations that support our independent watermen. . .the men and women who make their living crabbing or oystering the Chesapeake's waters.

The new P&G policy should require that the nation's water resources projects reflect national priorities, encourage economic development, and protect the environment by:

(1) seeking to maximize sustainable economic development;

(2) seeking to avoid the unwise use of floodplains and flood-prone areas and minimizing adverse impacts and vulnerabilities where such areas must be used; and

(3) protecting and restoring the functions of natural systems and mitigating any unavoidable damage to those systems.

That integrated approach to the Corps' budget is exactly what we need in an era of shrinking revenues and continuing needs.

I look forward to hearing from today's witnesses about the President's budget, about the P&G policies under development and about our plans to reauthorize the Water Resources Development Act later this year.

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