

DEPARTMENT OF THE ARMY

COMPLETE STATEMENT

OF

THE HONORABLE JO-ELLEN DARCY

ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

BEFORE

**THE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT**

UNITED STATES HOUSE OF REPRESENTATIVES

ON

EXECUTION OF THE ARMY CIVIL WORKS PROGRAM

FEBRUARY 27, 2013

Mr. Chairman and Members of the Subcommittee:

I am honored to testify before you today on the execution of the Army Civil Works program of the Army Corps of Engineers.

In order to best address the Nation's water resource needs, the Army continues to focus on performance. Federal funding is prioritized first and foremost on the projects and proposed projects that offer the best return on investment for the Nation.

In my statement I will address initiatives underway to ensure quality and improve efficiency of Army Civil Works studies and projects, as well as provide general information on certain financing matters.

Planning Modernization

The Corps planning modernization effort emphasizes execution, instills accountability, and improves the Corps' organizational and operational model to produce quality products that address water resources priorities. The current focus of the planning modernization effort is on facilitating the timely completion of decision documents that appropriately address the increasingly complex water challenges of the Nation. For decades, the Corps has seen a steady increase in the costs and time required to complete investigations. In response, the Corps is modernizing its approach, through an initiative called SMART Planning.

SMART stands for Specific, Measurable, Achievable, Risk-Informed and Timely. SMART Planning encompasses a new approach to investigations, accountability, and portfolio management. The new approach to investigations is intended to reduce resource requirements, both time and money, by appropriately focusing on the key drivers in resolving problems while complying with all applicable laws.

The goal under SMART planning is to complete most feasibility studies within 3 years for \$3 million dollars or less. The end product is a decision document that has been fully coordinated by three levels of the organization (Corps headquarters, the Corps division office, and the Corps district office) from study inception to completion. As a shorthand, we are calling this goal "3x3x3". The Corps expects full implementation of this new approach in FY 2014 and has been working with its Federal and non-Federal partners to use this new approach in evaluating water resources problems.

Asset Management

Ensuring the continued performance of the key features of the Army's Civil Works infrastructure is becoming more costly over time, in part because of the age of the components of many Civil Works projects. Operational demands have also grown and changed, particularly over the past 30 years. The Corps is working on an infrastructure strategy to address these growing needs. The infrastructure strategy incorporates four

focus areas: an integrated approach to manage assets, managing the system over its life cycle, evaluating whether a project or group of related projects should remain a Federal responsibility prior to making a substantial further investment, and potential alternative financing mechanisms.

Preliminary efforts in this area include the development of a national inventory of Corps assets that includes the results of an assessment of the condition of each major infrastructure component. This will help us to develop a long term strategy to manage these assets and reduce risk, as well as help us determine where priority investments need to be made. End of life cycle decisions will be made regarding which projects to retain and recapitalize, which projects to repurpose, which projects to transfer to other parties, and which projects to recommend for de-authorization and decommissioning.

The Corps continues to seek ways to use operation and maintenance funds more efficiently and effectively, including meeting with stakeholders to identify means to reduce wear and tear on operating components, extend the life of the assets, and reduce operating expenses, so that savings can be focused on higher priorities.

Leveraging non-Federal Funding

The Army has a strong tradition of working collaboratively with customers, stakeholders, and the general public to plan and deliver products. The Administration is exploring alternatives for infrastructure financing, including public private partnerships and an infrastructure bank. The intent of this strategy is to facilitate the best use of Federal and non-Federal dollars in investing in the Nation's water resources infrastructure. In some cases, non-Federal sponsors have expressed interest in contributing funds in order to move their projects or studies forward more quickly. Before entering into an agreement to accept such funds, the Corps carefully evaluates its overall workload to ensure that execution of the proposed work will not adversely affect directly-funded programs, projects and activities.

Sequestration

With two exceptions, Civil Works appropriation accounts are scored for sequestration purposes as non-defense discretionary appropriations.

In implementing a sequester, the Army would examine the work planned for the remainder of Fiscal Year (FY) 2013 and determine which activities to defer. In doing so, the available funding would be applied to the highest priority activities. If necessary, reprogramming authority could be used to ensure a useful increment of funding for each project and activity, where possible.

The effects would probably be the greatest in the Operation and Maintenance account, due to the high Federal cost of providing service at hundreds of existing projects across the Nation. Less funding would be available for the operation of these projects, and we may find it necessary to close additional recreation areas. Some planned maintenance

work would need to be deferred, including reductions in the amount of maintenance dredging performed in navigation channels, affecting the dimensions to which some projects would be maintained. Other deferrals of maintenance work would increase the risk of equipment breakdowns, which also could affect the economy by reducing the availability of some channels for navigation as well as the ability of some multi-purpose dams to generate low-cost hydropower.

In the Regulatory Program, there would be an increase in the average time for issuance of permits and a reduction in the Corps' ability to assist people who seek jurisdictional determinations. This could adversely affect some private sector investments. The reduction would also affect the Corps' ability to monitor completed mitigation work and to otherwise protect the environment. Reductions in the Expenses account would mean less funding available to the Corps headquarters and the division offices for oversight efforts. This could affect the Army's ability to ensure an appropriate level of performance in the Civil Works program.

Hurricane Sandy Supplemental

The Disaster Relief Appropriations Act of 2013 was passed by Congress and signed into law by the President on January 29, 2013 as Public Law 113-2 (P.L. 113-2). The Army is in the process of developing an implementation plan for the funding provided under the Disaster Relief Appropriations Act, 2013. The Act provided \$5.35 billion for the Civil Works program. That amount includes \$3.461 billion for Construction, \$1.008 billion for Flood Control and Coastal Emergencies, \$821 million for Operation and Maintenance, \$50 million for Investigations, and \$10 million for Expenses. The Civil Works sections of the legislation would address flood damages caused by Hurricane Sandy and help reduce the risk of future flood damage in the affected area. Hurricane Sandy was a catastrophic storm that struck the Atlantic coastline in late October 2012, resulting in extensive damage in many coastal communities, including loss of life and damage to infrastructure, businesses and private residences. Severe flood damages were experienced primarily in New York and New Jersey, but effects of Sandy also were felt as far south as Florida, as far north as New England, and as far west as the Great Lakes.

The Act requires the Corps to provide to Congress several reports to address the flood risk of vulnerable coastal populations in areas impacted by the storm. These include a comprehensive study, two interim reports, a final report, and an evaluation of the performance of existing Corps projects. I look forward to discussing the Corps activities for Hurricane Sandy repair and recovery in more detail at this Subcommittee's hearing on this topic on March 13.

Mr. Chairman, Members of the Subcommittee, this concludes my testimony. I look forward to continuing to work with the Subcommittee on these very important issues. Thank you.