



U.S ARMY CORPS OF ENGINEERS

The Corps of Engineers has a long history of wasteful, low priority, and questionable spending. For example, a 2004 joint report by the National Wildlife Federation and Taxpayers for Common Sense identified 29 wasteful Corps projects that would cost the federal government \$12 billion.¹ The report stated, “The fact that damaging and wasteful proposals continue to receive federal funds and are proceeding is a dramatic testament to the need to overhaul the Corps of Engineers.”²

Additionally, Congress has refused to prioritize the completion of ongoing Corps of Engineers projects before beginning new projects. This behavior has resulted in a construction backlog ranging from \$61 billion to more than \$80 billion.³ This backlog has had a negative impact on our economy and the environment.

According the Office of Management and Budget, “The Corps’ enormous backlog of ongoing civil works construction represents a significant source of unrealized economic and environmental benefits. The size of the backlog and the amount of funding necessary to complete it have grown in recent years, largely because of the continued addition of new projects to the Corps workload each year... This growth trend in the construction backlog unfairly penalizes both taxpayers and project sponsors.”⁴

Congress should stop authorizing new Corps of Engineers projects until it addresses its \$80 billion backlog. Congress also needs an automatic process to trim the Corps’ to-do list by systematically de-authorizing outdated or unfunded projects. Current laws for unfunded projects can easily be circumvented by Congress or the agency spending a small amount on an updated study or evaluation to keep the project authorized.⁵

The National Academy of Public Administration also found the Corps is unable to adequately address national priorities because of parochialism in Congress. “Annual appropriations for specific, individual projects, or project segments, are not conducive to efficient and effective completion of major infrastructure systems; they often do not adequately support system-wide performance improvements... The present project-by-project approach, with lagging project

¹ “Crossroads,” National Wildlife Federation and Taxpayers for Common Sense, March 2004,

<http://www.waterprotectionnetwork.org/sitepages/downloads/ToolsAndResources-Reports/CRN-trRpt-Crossroads2004.pdf>

² “Crossroads,” National Wildlife Federation and Taxpayers for Common Sense, March 2004,

<http://www.waterprotectionnetwork.org/sitepages/downloads/ToolsAndResources-Reports/CRN-trRpt-Crossroads2004.pdf>

³ This number is a combination of the backlog number issued by the National Academy of Public Administration in February 2007 (\$60 billion) and the additional projects authorized in the Water Resources Development Act of 2007 (\$23 billion according to the Congressional Budget Office)

⁴ “The Budget for Fiscal Year 2005: Corps of Engineers-Civil Works,” Office of Management and Budget

⁵ “Crossroads,” National Wildlife Federation and Taxpayers for Common Sense, March 2004, pg. 36

<http://www.waterprotectionnetwork.org/sitepages/downloads/ToolsAndResources-Reports/CRN-trRpt-Crossroads2004.pdf>

completions, on-again-off-again construction schedules, and disappointed cost-share sponsors that do not know what they can count on, is not the best path to continued national prosperity.”⁶

With the current earmark ban in the 112th Congress, this is a rare opportunity for Congress to restructure the federal government’s role in civilian works. Congress must clearly and more narrowly define the central mission of the Corps of Engineers to allow it to focus on meeting the nation’s most urgent needs. The agency should also be removed from projects or studies that overlap other federal agencies, or supplant state, local, or private functions.

Terminate Low Priority Corps Construction Projects – Ten Year Savings: \$2.38 billion

The Corps of Engineers currently employs a very low threshold for determining what projects it undertakes, only requiring that the expected total benefit of a project (including reduction of costs to government and private entities, and environmental, recreational, and other benefits) is equal to or greater to the cost of the project (this includes the fiscal, environmental, and other costs). President Obama recommended eliminating hundreds of millions in unrequested funds Congress annually appropriates to the Corps of Engineers to construct low-priority projects, which would result in one year savings of \$214 million.⁷

Eliminate Water and Wastewater Treatment Projects – Ten Year Savings: \$1.43 billion

The White House and the Corps of Engineers have both concluded that the Corps’ wastewater treatment projects are duplicative and outside of the scope of the Corps’ mission, yet Congress continues to fund these projects. The President’s Fiscal Year 2010 budget stated, “The Corps does not assess the economic and environmental costs and benefits of these water and wastewater treatment projects and, therefore, has no basis to determine the value of these projects to the Nation... Providing funding in the Corps of Engineers’ budget for environmental infrastructure projects is not cost effective and duplicates funding for these types of projects in other Federal agencies, including the Environmental Protection Agency and the Department of Agriculture...” The elimination of these projects would result in one year savings of \$129 million.⁸ Given the backlog, it makes sense for Congress to prioritize only those projects that demonstrate a compelling need and cost-benefit ratio of more than 3:1."

⁶ National Academy of Public Administration, “Prioritizing America’s Water Resources Investments: Budget Reform for Civil Works Construction Projects at the U.S. Army Corps of Engineers,” February 2007, http://www.napawash.org/pc_management_studies/Corps_Summary_Report_03-02-07.pdf

⁷ “Terminations, Reductions, and Savings,” Budget of the U.S. Government Fiscal Year 2011, pg. 83, <http://www.gpoaccess.gov/usbudget/fy11/pdf/trs.pdf>

⁸ “Terminations, Reductions, and Savings,” Budget of the U.S. Government Fiscal Year 2011, pg. 58, <http://www.gpoaccess.gov/usbudget/fy11/pdf/trs.pdf>

End Federal Funding for Beach Replenishment Projects – Ten Year Savings: \$702 million

Congress has wasted more than \$3 billion on temporary, parochial projects that dump sand onto beaches to protect beach properties.⁹ These projects encourage risky coastal construction¹⁰ and can drive up costs for the taxpayer through higher National Flood Insurance Program and flood disaster assistance costs.¹¹

Beach nourishment is intended to address the problem of beach erosion. However, many experts concede that this process does not actually prevent erosion, but only provides a temporary solution to maintaining the width of a beach. In fact, project sites must generally be maintained every three to seven years. The beach at Cape May, New Jersey, was renourished 10 times between 1962 and 1995, at a total cost of \$24.7 million. Another beach at Ocean City, New Jersey, was renourished 22 times between 1952 and 1995 at a total cost of more than \$83.1 million.¹²

On average, Congress has spent more than \$100 million every year since 1997 for beach replenishment.¹³ Reports indicate the Corps of Engineers will spend \$148 million for these projects in Fiscal Year 2011.¹⁴ The Congressional Budget Office estimates eliminating federal funding for these projects would reduce federal spending by \$702 million over a ten year period.¹⁵



(BEACH NOURISHMENT PHOTOGRAPH BY THE COURIER POST)

⁹ Correspondence to the office of Senator Coburn, Corps Office of Congressional Relations, April 11, 2008

¹⁰ Correspondence to the office of Senator Coburn, NOAA Office of Congressional Relations, March 17, 2008

¹¹ Kenneth J. Bagstad, Kevin Stapleton, John R. D'Agostino, "Taxes, subsidies, and insurance as drivers of United States coastal development," December 2006, *Ecological Economics*

¹² Casey Hedrick, "State, Territory, and Commonwealth Beach Nourishment Programs," March 2000, NOAA, <http://coastalmanagement.noaa.gov/resources/docs/finalbeach.pdf>

¹³ Marlowe & Company Government Affairs Consultants, "How Much Federal Money is Available, for Beach Restoration?," February 5, 2008

¹⁴ "U.S. allocates record amount for beach projects," Philadelphia Inquirer, Wood, Anthony, May 24, 2011, http://articles.philly.com/2011-05-24/news/29578164_1_beach-projects-beachfill-howard-marlowe

¹⁵ "Budget Options Volume 2," Congressional Budget Office, August 2009, pg. 60, <http://www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf>

Rescind \$1 Billion in Unobligated Balances – Savings: \$500 million

The Corps of Engineers ends each fiscal year with billions of dollars in unspent and unobligated funds. In 2010, the total amount of unobligated Corps funds is projected to be nearly \$3.4 billion.¹⁶ Specifically, the Congressional Research Service “estimates that approximately \$333 million was originally allocated three or more years ago, \$122 million was allocated five or more years ago, and \$18 million was allocated 10 or more years ago.”¹⁷

This staggering amount of unspent money exposes the mismanagement of our national finances by Congress. Simply put, Congress is approving increases in government funding for the Corps of Engineers faster than the agency can spend them! While all of the money is not being spent, taxpayers still must pay for the funding increases as well as the cost to finance the interest on the billions of dollars being borrowed and added to our \$14 trillion national debt.

Additionally, Congress recently acknowledged rescinding unobligated balances is a commonsense way to save money. The full-year Continuing Resolution for 2011 included nearly \$200 million in rescissions of prior-year Corps balances.¹⁸

Under Washington budget scoring rules, a rescission of \$1 billion in unobligated discretionary funding will yield a savings of roughly \$500 million.

Reducing Excessive Overhead Costs and Unnecessary Bureaucracy – Ten Year Savings: \$266.42 million

There are a number of cost controls the Corps of Engineers could implement to save millions of dollars without reducing or compromising services.

President Obama has proposed cutting \$24 million in the Corps’ administrative budget next year. The Office of Management and Budget (OMB) notes “the Federal Government spends extensive amounts on services or products that may be characterized as administrative or overhead. Over the past five years, spending on certain of these activities has grown substantially.” The Obama Administration has directed each agency to cut unnecessary spending and, according to OMB, “agencies are busy putting in place the processes and policies during 2011 that will enable them to realize these savings in 2012.”¹⁹

¹⁶ “Corps Unobligated Balances,” Congressional Research Service, June 8, 2011

¹⁷ “Corps Unobligated Balances,” Congressional Research Service, June 8, 2011

¹⁸ “Corps Unobligated Balances,” Congressional Research Service, June 8, 2011

¹⁹ “REDUCTION: ADMINISTRATIVE EFFICIENCY INITIATIVE,” Fiscal Year 2012 Terminations, Reductions, and Savings; Budget of the U.S. Government, Office of Management and Budget, page 88;

Billions Could Be Saved by Eliminating the Funding of Wasteful Corps Projects

Meeting the nation's most urgent water infrastructure needs should be the highest priority for the Corps of Engineers. Congress should not fund any project that fails to meet this standard.

Taxpayers for Common Sense, a budget watchdog organization, recommended eliminating several wasteful Corps projects, which would save taxpayers billions. These include:

- St. Johns Bayou Basin/New Madrid Floodway Project – Missouri (funding needed to complete the project: \$80 million)²⁰

This flood control project in southeast Missouri will close a 1500-foot flood relief gap in levees on the Mississippi River. However, the 1500-foot gap is one of the last natural flood relief gaps in the area, and closing the gap will increase the risk of major flooding upstream in places such as Cairo, IL.²¹

- Inner Harbor Navigation Canal (Industrial Canal) Lock Replacement Project – Louisiana (funding need to complete the project: \$1.1 billion)²²

This project would replace the locks in New Orleans's Industrial Canal with longer, deeper locks that can accommodate ocean-going ships. The replacements were planned because the Corps of Engineers had predicted increased barge traffic and traffic delays in the canal. However, the traffic has actually decreased, and the Port of New Orleans -- which had earlier agreed to shoulder a higher share of the costs -- has now pulled out of the project, leaving the federal government to pay for it all.²³

- Upper Mississippi River-Illinois Waterway Navigation Expansion Project (funding needed to complete the project: \$2.1 billion)²⁴

The Corps of Engineers is seeking to build seven new, larger navigation locks on the Upper Mississippi River-Illinois Waterway, claiming they are needed to accommodate increased barge traffic in the future. However, in 2000, the U.S. Army Inspector General found that Corps economists were ordered to exaggerate the demand for future barge traffic. Presently, there are only been occasional delays at the river locks during periods of high traffic. The National Academy of Sciences has pointed out much more cost-effective measures to address these delays, such as like scheduling, tradable lockage fees, and helper boats.²⁵

- Delaware River Deepening Project – New Jersey and Delaware

²⁰ "TCS Budget Cut List for the 112th Congress: Infrastructure," Taxpayers for Common Sense, February 10, 2011, http://www.taxpayer.net/resources.php?category=&type=Project&proj_id=4357&action=Headlines%20By%20TCS

²¹ "TCS Budget Cut List for the 112th Congress: Infrastructure," Taxpayers for Common Sense, February 10, 2011, http://www.taxpayer.net/resources.php?category=&type=Project&proj_id=4357&action=Headlines%20By%20TCS

²² "TCS Budget Cut List for the 112th Congress: Infrastructure," Taxpayers for Common Sense, February 10, 2011, http://www.taxpayer.net/resources.php?category=&type=Project&proj_id=4357&action=Headlines%20By%20TCS

²³ "TCS Budget Cut List for the 112th Congress: Infrastructure," Taxpayers for Common Sense, February 10, 2011, http://www.taxpayer.net/resources.php?category=&type=Project&proj_id=4357&action=Headlines%20By%20TCS

²⁴ "TCS Budget Cut List for the 112th Congress: Infrastructure," Taxpayers for Common Sense, February 10, 2011, http://www.taxpayer.net/resources.php?category=&type=Project&proj_id=4357&action=Headlines%20By%20TCS

²⁵ "TCS Budget Cut List for the 112th Congress: Infrastructure," Taxpayers for Common Sense, February 10, 2011, http://www.taxpayer.net/resources.php?category=&type=Project&proj_id=4357&action=Headlines%20By%20TCS

Cut: \$200 million²⁶

The Corps of Engineers is currently pursuing a project to deepen the Delaware River's main channel from 40 feet to 45 feet for 105 miles, claiming it will attract larger cargo ships. The states of Delaware and New Jersey, however, are opposed to the project. The larger ships are unlikely to come and the reduced cost for some shippers will not offset the project's cost.²⁷

Sell Underutilized Corps of Engineers Property

According to the Government Accountability Office, the Corps of Engineers owns more than seven million acres—fourth largest in the federal government.²⁸ Specifically, the Corps owns 30 properties that are underutilized totaling 208,000 square feet of office and warehouse space. These properties are valued at over \$41 million and have an annual operating cost of \$884,000.²⁹

Holding unneeded property carries a hidden opportunity cost due to both the lost revenues that would be gained from selling the property and the avoidance of future maintenance costs. Over a long period of time, and with a large number of unneeded properties in its portfolio, the costs could likely add up to hundreds of millions, if not billions, of dollars wasted.

\$5.28 Billion in Savings Over the Next Decade

By enacting these reforms, it will allow the Corps of Engineers to focus on meeting the nation's most urgent water infrastructure needs. Additionally, these proposals will eliminate low priority and duplicative spending.

SAVINGS AND REFORMS

- Terminate Low Priority Corps Construction Projects
- Eliminate Water and Wastewater Treatment Projects
- End Federal Funding for Beach Replenishment Projects
- Rescind \$1 Billion in Unobligated Balances
- Reducing Excessive Overhead Costs and Unnecessary Bureaucracy

U.S. CORPS OF ENGINEERS TEN YEAR SAVINGS

Discretionary: \$5.28 billion

Total: \$5.28 billion

²⁶ "TCS Budget Cut List for the 112th Congress: Infrastructure," Taxpayers for Common Sense, February 10, 2011, http://www.taxpayer.net/resources.php?category=&type=Project&proj_id=4357&action=Headlines%20By%20TCS

²⁷ "TCS Budget Cut List for the 112th Congress: Infrastructure," Taxpayers for Common Sense, February 10, 2011, http://www.taxpayer.net/resources.php?category=&type=Project&proj_id=4357&action=Headlines%20By%20TCS

²⁸ "Federal Real Property: Corps of Engineers Needs to Improve the Reliability of Its Real Property Disposal Data," U.S. Government Accountability Office, May 9, 2008, <http://www.gao.gov/products/GAO-08-349>

²⁹ Provided by the Office of Management and Budget from the federal real property profile.