



Updated February 11, 2016

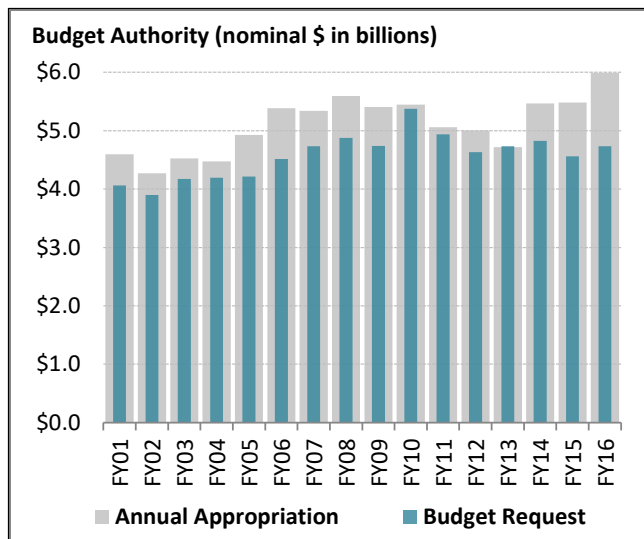
# Army Corps of Engineers: FY2016 Appropriations

## Overview

The Energy and Water Development bill provides funding for the civil program of the U.S. Army Corps of Engineers (Corps), an agency in the Department of Defense with both military and civilian responsibilities. Under its civil works program, the Corps plans, builds, operates, and maintains a wide range of water resources facilities. The Corps attracts congressional attention in part because its projects can have significant local and regional economic benefits and environmental effects, in addition to their water resource development purposes. Corps appropriations generally are authorized in water resources development acts. Most recently, Congress enacted a new water resources development act in June 2014, the Water Resources Reform and Development Act of 2014 (WRRDA 2014; P.L. 113-121).

In most years, the President’s budget request for the Corps is below the agency’s enacted appropriation. For FY2015, Congress appropriated \$5.5 billion for the Corps, almost \$1 billion more than the requested amount. The President’s FY2016 request for the Corps was \$4.7 billion, and the final FY2016 enacted appropriation was almost \$6 billion. Recent trends in budgeted and enacted amounts are shown in **Figure 1**.

**Figure 1. Requested and Appropriated Corps Funding, FY2001-FY2016**



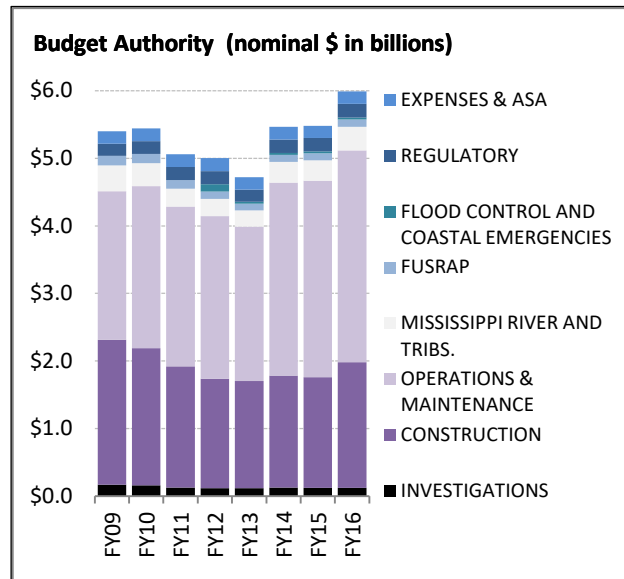
Source: Congressional Research Service, with data from the Army Corps of Engineers.

## Corps Budget Request Structure

Corps funding typically is requested at the account level, with the two largest accounts being Operations and

Maintenance and Construction. The Corps also sometimes depicts its request by business lines (e.g., navigation, flood control). **Figure 2** shows recent Corps funding totals at the account level.

**Figure 2. Enacted Corps Funding by Account, FY2009-FY2016**



Source: Congressional Research Service, with data from the Army Corps of Engineers.

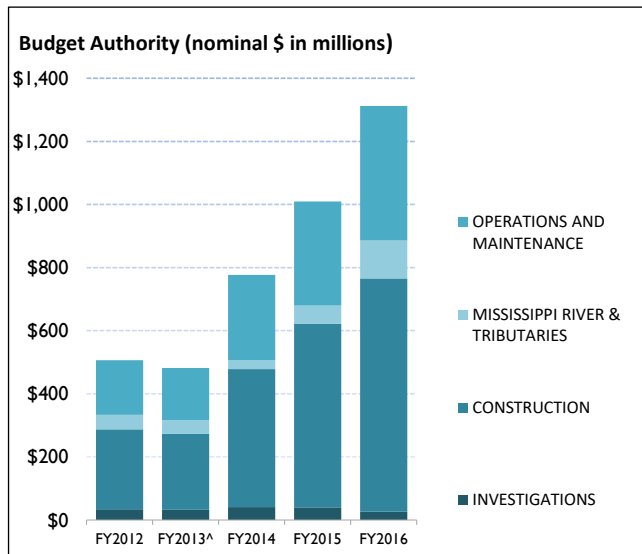
## Earmarks and “Additional Funding” Categories

Corps funding is part of the debate over congressionally directed spending, or earmarks. Unlike highways and municipal water infrastructure, federal funds for the Corps are not distributed to states or projects based on a formula or competitive grants. About 85% of appropriations for Corps civil works activities are for specific projects. In addition to specific projects identified for funding in the President’s budget, historically Congress identified additional Corps projects to receive funding during the discretionary appropriations process. In the 112<sup>th</sup> Congress, site-specific project line items added by Congress (i.e., earmarks) became subject to House and Senate earmark moratorium policies. As a result, Congress generally has not added funding at the project level since that time.

In lieu of traditional project-based increases, Congress has included “additional funding” for select categories of Corps projects within each account (e.g., additional funding for “navigation work” in the construction account) and provided direction and limitations on the use of these funds. As shown in **Figure 3**, Congress has increased funding for these projects in recent years, and most recently provided more than \$1.3 billion for these projects in FY2016. The

Corps typically reports on its plans for this funding in “work plans” released several months after appropriations are enacted.

**Figure 3. Additional Funding for Ongoing Work: Enacted Appropriations for FY2012-FY2016**



**Source:** FY2012 and FY2014-FY2016 based on data from enacted conference reports from FY2012-FY2016. FY2012 based on CRS estimates.

**Notes:** FY2013 funds were provided under a long-term continuing resolution at the FY2012 enacted level, minus additional reductions for sequestration. There was no breakdown of “additional funds” provided by Congress, thus this figure represents a CRS estimate.

## Key Policy Issues

### Project Backlog and New Starts

The large number of authorized Corps studies and projects that have not received appropriations to date, or that have received funding but are incomplete, is often referred to as the *backlog* of authorized projects. Estimates of the construction backlog range from \$20 billion to more than \$80 billion, depending on which projects are included. The backlog raises policy questions, such as which activities to fund among authorized activities. It also increases congressional attention on the budget for new Corps studies and new construction starts (also known as *new starts*).

Enacted appropriations for FY2011-FY2013 barred funding for new projects that had not previously received appropriations. FY2014 enacted appropriations allowed for 9 new start studies and 4 new construction starts, and the FY2015 enacted bill allowed 10 new study starts and 4 new construction starts. Enacted appropriations for FY2016 approved 10 new studies and 6 new construction projects.

### Harbor Maintenance Trust Fund

The Harbor Maintenance Trust Fund (HMTF) receives Harbor Maintenance Taxes (12.5 cents per \$100 of cargo

value) from importers and domestic shippers using coastal and Great Lakes ports. HMTF funds are made available by Congress for certain cost-shared operation and maintenance (O&M) expenses at U.S. coastal and Great Lakes harbors. This includes dredging of harbor channels to their authorized depths and widths.

In recent years, HMTF expenditures have remained flat while Harbor Maintenance Tax collections have increased due to rising import volume. Consequently, a large surplus has developed in the HMTF. WRRDA 2014 included changes that sought to increase HMTF spending to levels based on “targeted” percentages of HMTF collections (but only if this funding does not come at the expense of available funding for other Corps activities). For FY2016, the President’s requested appropriation for the HMTF was \$915 million, or considerably less than the FY2016 WRRDA targeted level of 69% of harbor maintenance taxes expected for FY2016 (an estimated \$1.07 billion). Final enacted appropriations for FY2016 exceeded the WRRDA HMTF target, providing \$1.282 billion.

### Inland Waterways Trust Fund

Expenditures for construction and major rehabilitation projects on inland waterways are cost shared on a 50-50 basis between the federal government and users through the Inland Waterways Trust Fund (IWTF). IWTF monies derive from a fuel tax on commercial vessels on designated waterways, plus investment interest on the balance.

Since FY2009, there has been a shortfall in the IWTF. To ensure trust fund solvency, in recent years, Congress limited IWTF expenditures to the amount available under current-year fuel tax revenues. In an effort to make more funding available for these projects, legislation enacted in 2014 altered IWTF financing. First, WRRDA 2014 significantly reduced the IWTF cost share required for one large project (the Olmsted Locks and Dam Project) and increased in the ceiling on rehabilitation projects that can be funded from the General Fund from \$8 million to \$20 million. P.L. 113-295 (enacted on December 19, 2014) included among its provisions a \$0.09 per gallon increase in the inland waterways fuel tax, making the overall barge fuel tax \$0.29 per gallon. The latter change is expected to increase revenues accruing to the IWTF; however, it does not guarantee increased expenditures (which must come from congressional appropriations).

The President’s FY2016 budget request for funding from the IWTF was \$53 million, which was significantly less than the FY2015 enacted level. FY2016 enacted appropriations provided \$108 million from the IWTF, an amount roughly equal to anticipated IWTF receipts for FY2016.

**Charles V. Stern**, Specialist in Natural Resources Policy

IFI0176

---

## Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.