

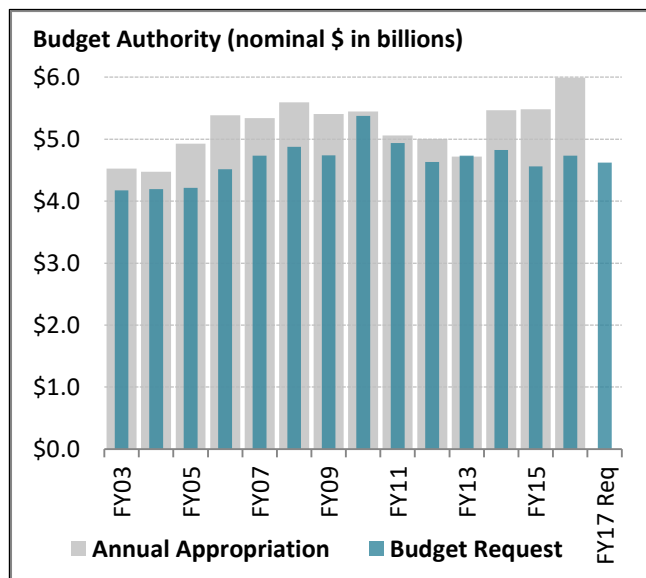


Army Corps of Engineers: FY2017 Appropriations

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 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 appropriations. For FY2016, Congress appropriated almost \$6 billion for the Corps, more than \$1 billion more than the requested amount. The President’s FY2017 request for the Corps was \$4.6 billion. Recent trends in budgeted and enacted amounts are shown below in **Figure 1**.

Figure 1. Requested and Appropriated Corps Funding, FY2003-FY2017

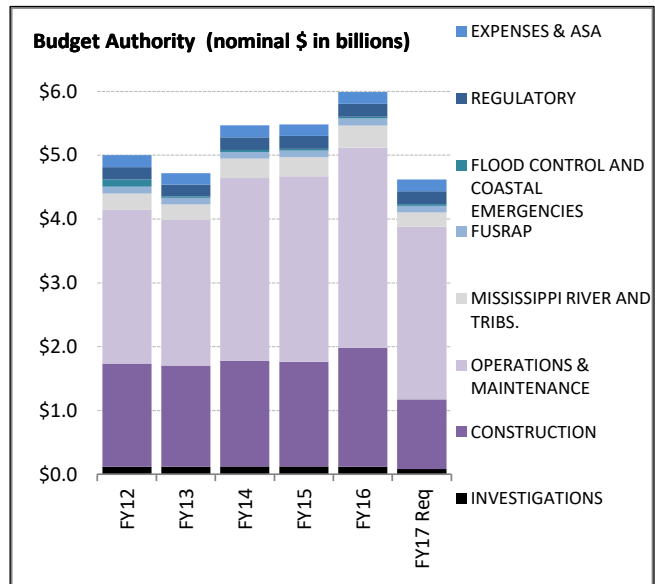


Source: Congressional Research Service (CRS), with data from the Army Corps of Engineers.

Corps Budget Request Structure

Corps funding typically is requested at the account level, with the two largest accounts being Operations and Maintenance (O&M) and Construction. The Corps also sometimes submits its request by business lines (e.g., navigation, flood control, etc.). **Figure 2** compares recent Corps funding totals at the account level.

Figure 2. Corps Funding by Account, FY2012-FY2017



Source: CRS, with data from the Army Corps of Engineers.

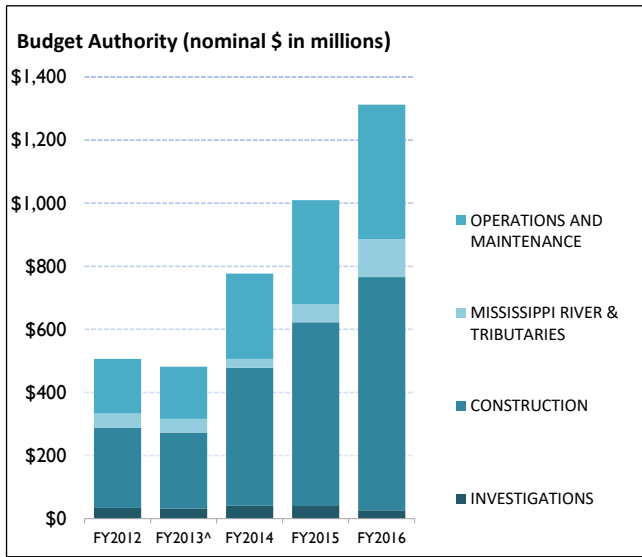
Notes: ASA = Assistant Secretary of the Army. FUSRAP = Formerly Used Sites Remedial Action Program.

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 formula or competitive grants. About 85% of appropriations for Corps civil works activities are for specific projects. Historically, Congress identified Corps projects to receive funding during the discretionary appropriations process in addition to those projects identified for funding in the President’s budget. Since the 112th Congress, site-specific project line items added by Congress (i.e., earmarks) have been 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 it 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 Appropriations for FY2012-FY2016



Sources: FY2012 and FY2014-FY2016 figures based on data from conference reports for enacted appropriations from FY2012 to FY2016. FY2013 figure is a CRS estimate based on data in the Corps Work Plan for FY2013.

Note: FY2013 funds were provided under a long-term continuing resolution at the FY2012 enacted level, minus additional reductions for sequestration.

Key Issues

Project Backlog and New Starts

The large number of authorized Corps studies and projects that have not received appropriations to date (or that 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 \$80 billion, depending on which projects are included. The backlog increases congressional attention on proposals for new studies and construction starts (known as *new starts*).

Table I. Corps New Starts

	FY2014	FY2015	FY2016	FY2017 Request
Studies	9	10	10	0
Construction	4	4	6	1

Sources: Conference reports for enacted appropriations legislation and Corps of Engineers budget requests

Enacted appropriations for FY2011-FY2013 barred any funding from being used for new starts. As shown in **Table 1**, enacted appropriations since that time have allowed for limited new studies and construction. The Administration’s FY2017 budget requested funding for one new construction project and no new studies.

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 O&M expenses at U.S. coastal and Great Lakes harbors. These expenses include dredging of harbor channels to their authorized depths and widths.

In recent years, HMTF expenditures have remained flat and 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 would not detract from available funding for other Corps activities). For FY2017, the President’s requested appropriation from the HMTF was \$951 million, or considerably less than the WRRDA targeted level of 71% of the annual harbor maintenance taxes expected (an estimated \$1.19 billion). Previously, final enacted appropriations for FY2016 exceeded the WRRDA 2014 HMTF target, providing \$1.282 billion.

Inland Waterways Trust Fund

Most expenditures for construction and major rehabilitation projects on federal 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 federal waterways, plus investment interest on the balance.

Since FY2009, there has been a shortfall in the IWTF. To ensure trust fund solvency, beginning at that time 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, WRRDA 2014 significantly reduced the IWTF cost share required for one large project (the Olmsted Locks and Dam Project) and increased the cost ceiling (from \$8 million to \$20 million) for minor rehabilitation projects that can be fully funded by the General Fund (i.e., reducing IWTF requirements). Additionally, 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, resulting in a barge fuel tax of \$0.29 per gallon as of April 2015. These changes increased revenues accruing to the IWTF, but they do not guarantee increased spending; that outcome can only come from congressional appropriations.

Unlike the aforementioned HMTF changes, WRRDA 2014 did not set targets in law for IWTF spending. The President’s FY2017 request for IWTF funding was \$45 million, which was significantly less than the FY2016 enacted level of \$108 million and less than half of the revenues expected to accrue to the trust fund in FY2017.

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