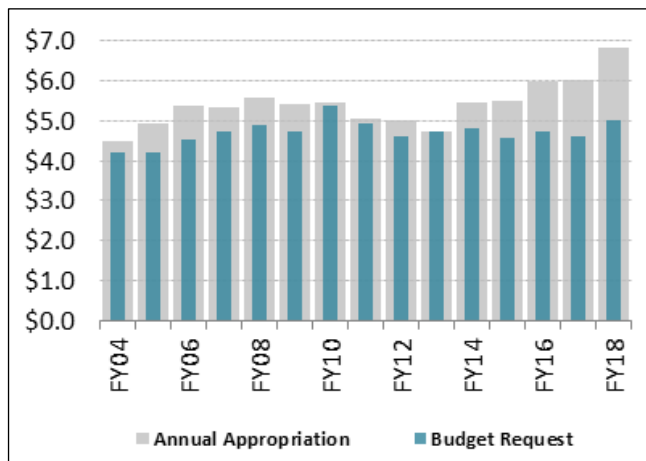




Army Corps of Engineers: FY2018 Appropriations

Congress generally funds the civil works activities of the U.S. Army Corps of Engineers (Corps) in Title I of an annual Energy and Water Development appropriations act. These activities consist primarily of planning and constructing water resource projects and maintaining federal infrastructure operated by the Corps (e.g., navigation channels). Congress directs the agency’s role in improving navigation, reducing flood risks, and restoring aquatic ecosystems through authorization and appropriations legislation. The President requested \$5.0 billion for the civil works activities of the Corps in FY2018; Congress funded these activities at \$6.83 billion in P.L. 115-141, enacted on March 23, 2018 (see **Figure 1**). The discussion herein provides a primer on Corps FY2018 appropriations; topics covered include the President’s request, additional funding provided by Congress, harbor maintenance, inland waterway construction, ecosystem restoration, and flood-risk reduction, as well as efforts to promote investment in water resource infrastructure.

Figure 1. Annual Corps Funding, FY2004-FY2018
(nominal \$ in billions)



Source: Congressional Research Service (CRS).

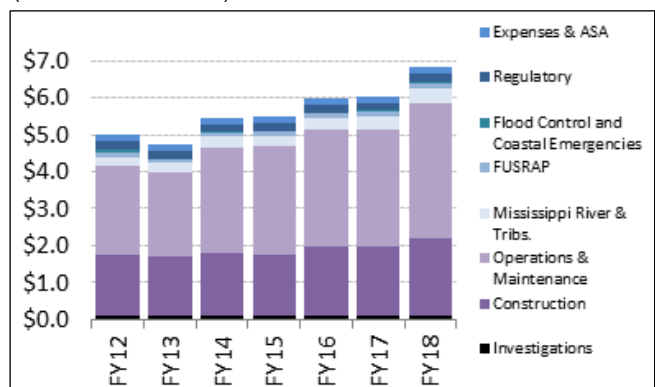
Corps FY2018 Appropriations

Unlike with federal funding for highways and municipal water infrastructure, the majority of federal funds provided to the Corps are not distributed by formula to states or through competitive grant programs. Instead, the agency is directly engaged in the planning and construction of projects, and the Corps uses the majority of the appropriations performing work on specific studies and projects authorized by Congress. Corps funding is requested at the account level, with the two largest accounts being Operations and Maintenance (O&M) and Construction (see **Figure 2**).

FY2018 Request

According to the Administration’s FY2018 budget documents, the request prioritized maintaining performance of existing infrastructure. It included no funding for new Corps studies or new construction projects (known as *new starts*). The request proposed funding only ongoing navigation and flood-risk reduction construction projects that had a benefit-cost ratio (BCR) of at least 2.5 to 1 (i.e., project benefits are at least two and a half times project costs) or addressed a safety concern. Previous requests also applied BCR thresholds and limited new starts to focus on ongoing work. Many authorized projects have BCRs below the budget threshold.

Figure 2. Corps Funding by Account, FY2012-FY2018
(nominal \$ in billions)



Source: CRS.

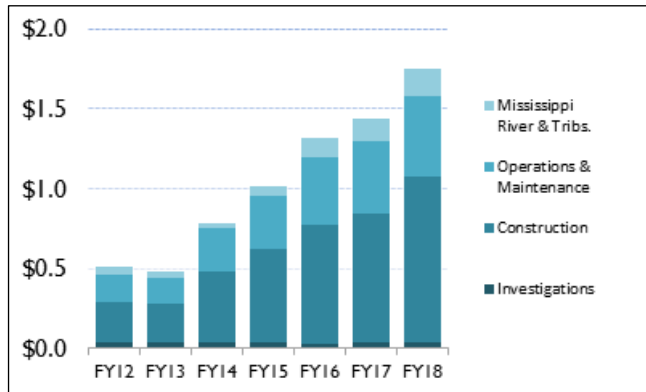
Notes: ASA = Assistant Secretary of the Army. Regulatory = Regulatory program for permitting nonfederal activities in or affecting regulated waters and wetlands. FUSRAP = Formerly Utilized Sites Remedial Action Program.

Additional Funding Provided by Congress

Since the 112th Congress, congressional funding for site-specific projects (i.e., *congressionally directed spending* or *earmarks*) has been subject to House and Senate earmark moratorium policies. As shown in **Figure 1**, Congress typically provides the Corps with more funding than requested. Since the 112th Congress, in lieu of increasing funding for specific projects, Congress has provided funding within some budget accounts for categories of Corps activities referred to as *additional funding* (e.g., \$341 million of additional funding for deep-draft navigation maintenance in the O&M account). For FY2018, Congress provided the agency \$1.83 billion above the request; of this, \$1.75 billion was identified as additional funding in four budget accounts (see **Figure 3**). The explanatory statement accompanying P.L. 115-141 identified a total of 27 categories of activities eligible for these additional funds. Congress allowed FY2018-enacted funding to be used to initiate new starts—five new construction projects and seven new studies (including one new Mississippi River

and Tributaries account study). The bill's explanatory statement calls for the agency, within 60 days of enactment, to issue a work plan that includes the specific projects receiving additional funding and selected as new starts.

Figure 3. Additional Funding in FY2012-FY2018
(nominal \$ in billions)



Sources: CRS, using congressional reports accompanying appropriations.

FY2018 Topics

Harbor Maintenance

Deep-draft harbors handle a large volume of U.S. imports and exports. 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 most O&M expenses at U.S. harbors, including coastal and inland harbors. Discretionary appropriations that draw from the HMTF often have not kept pace with tax collections. A roughly \$9 billion HMTF surplus has developed. An omnibus Corps authorization bill, the Water Resources Reform and Development Act of 2014 (WRRDA 2014), included provisions to promote greater HMTF spending. Based on the WRRDA 2014-established formula, the targeted level of HMTF expenditures would be roughly \$1.05 billion for FY2018; enacted FY2018 harbor maintenance appropriations appear to exceed the targeted expenditures.

Inland Waterway Construction

Although the federal government pays for most inland waterway O&M, the costs of most inland waterway construction and major rehabilitation are shared between the federal government (50%) and users through the Inland Waterways Trust Fund (IWTF, 50%). IWTF monies derive primarily from a fuel tax on commercial vessels on federal waterways. In P.L. 113-295, Congress authorized a \$0.09 per gallon increase in the barge fuel tax, resulting in \$0.29 per gallon tax as of April 2015. The FY2018 budget request proposed an inland waterway user fee estimated to collect an additional \$108 million annually; Congress did not adopt the proposal. The explanatory statement accompanying P.L. 115-141 recommended \$112 million in inland waterway construction funding to be derived from the IWTF. The inland waterway projects to be funded with the FY2018 appropriations are to be identified in the work plan.

Ecosystem Restoration

The President requested \$355 million for ongoing Corps ecosystem restoration efforts, including Florida Everglades restoration (\$76.5 million) and fish mitigation for the Northwest's Columbia River (\$70 million). Congress provided these funds and \$35 million in additional funding for environmental restoration and compliance in the Construction account.

Flood-Risk Reduction

The FY2018 request included \$265 million to continue seven construction projects addressing aging federal flood infrastructure (e.g., dam safety, seepage control, or major dam rehabilitation) and six riverine construction projects for flood-risk reduction. Congress provided these funds, as well as additional funding of \$410 million for flood-related construction. In separate legislation (P.L. 115-123), Congress provided the Corps with \$17.4 billion in emergency supplemental appropriations for Corps activities primarily (but not exclusively) related to response and flood-risk-reduction construction associated with Hurricanes Harvey, Irma, and Maria.

Promotion of Infrastructure Investments

The 113th and 114th Congresses enacted legislation that expanded the authorized opportunities for nonfederal and private participation in Corps-related water resource projects; the bills also augmented the agency's authorities to accept contributions to advance studies and projects. The Trump Administration's *2018 Budget: Infrastructure Initiative* supported using the agency's expanded authorities to accept contributed funds (which are nonreimbursable donations to the Corps) and advanced funds (which are nonfederal funds provided to the agency that may be reimbursed subject to the availability of appropriations). Information is not publicly available on the recent aggregate use of advanced and contributed funds.

In the explanatory statement for P.L. 115-141, Congress directed the Corps to develop guidance for public-private partnerships and for a pilot program for nonfederal implementation of authorized water resource projects. To encourage alternative financing for water infrastructure, Congress authorized a credit program in the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA; Title V, Subtitle C of WRRDA 2014). Although the U.S. Environmental Protection Agency's WIFIA program has been funded, the Corps water resource-focused WIFIA program remained unfunded in FY2018.

Related CRS Reports

- CRS Report R41243, *Army Corps of Engineers: Water Resource Authorizations, Appropriations, and Activities*, by Nicole T. Carter and Charles V. Stern.
- CRS Report R44594, *Discount Rates in the Economic Evaluation of U.S. Army Corps of Engineers Projects*, by Nicole T. Carter and Adam C. Nesbitt.

Nicole T. Carter, Specialist in Natural Resources Policy

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