

# Hicks-Ray Associates



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TO: WESTCAS Membership  
FROM: Fred B. Hicks and Tom Ray  
SUBJECT: Corps of Engineers Funding Figures

We begin this report with a confession.....We don't always read cover to cover the annual statements that we receive from mutual funds we own. That's a mistake because such reports include a wealth of information about how an individual investment has been doing and its prospects for the future.

We are not going to make the same mistake with regard to the information that is being released by various Federal agencies, including the Corps of Engineers, concerning the funding status of the programs under their jurisdiction.

Whether we like it or not, this is a period of profound change with regard to whether and how the Federal government will assist in the funding of water resources infrastructure. Over the last generation, we all became comfortable doing business with agencies such as the Corps, the Bureau of Reclamation, the USEPA, and with the Congress. But the federal deficit and the economic downturn have changed that. Nobody knows what the future will hold for the simple reason that this next chapter has yet to be written.

It is essential that WESTCAS play a role in this process and just like "you can't tell the players without a program" you really can't comment on the future funding options for key Federal water agencies unless you have their relevant numbers.

We have attached two pages from a report issued this month by the Congressional Research Service which is a part of the Library of Congress. The CRS is the research arm of the Congress and provides reports on a wide variety of topics that are under Congressional jurisdiction including water infrastructure funding.

Please take a close look at the attached charts. They provide a fascinating insight into how the Army Corps of Engineers spends its money. Of special interest is the \$140 million spent in FY10 for Environmental Infrastructure. The bar chart on the second page compares Corps FY10 and FY11 spending. You will recall that FY10 represents a regular appropriations cycle with an Energy and Water Appropriations bill signed into law by the President. In FY11 there was a year-long Continuing Resolution which meant that the Corps selected all projects to be funded through a "Work Plan."

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If you look carefully, you will note that there was \$140 million spent in FY10 for Environmental Infrastructure and \$1 million spent in FY11. If you add in the \$200 million set-aside for Corps Environmental Infrastructure in the ARRA, you've got \$340 million during FY10 and \$1 million in FY11.

That's a cut of 99.7% of this crucial program which has built water resources infrastructure throughout the nation, including the arid west.

Is this a good Federal policy? How do you feel about Members of Congress who bemoan our lack of infrastructure funding but who allow this kind of cut to occur?

Much of this problem could be cured by a Congressional "stroke of the pen" by creating an FY12 Corps of Engineers Environmental Infrastructure set-aside that would allow water agencies to compete once more for Corps Environmental Infrastructure funding.

But which is easier in the current political realities: To bemoan the lack of infrastructure funding but then do nothing. Or to support immediate solutions such as an Environmental Infrastructure set-aside for FY12 while investigating other longer-term options such as infrastructure banks?

There is only one final answer to this question and that is with our gigantic deficit in infrastructure investment this nation will not prosper unless we figure out a way to address this challenge.