ARMY CORPS OF ENGINEERS

Process for Selecting Section 219 Projects for Funding Could Be Strengthened
Highlights of GAO-19-487, a report to congressional requesters

Why GAO Did This Study

Under Section 219 of the 1992 Water Resources Development Act, as amended, Congress authorized the Corps to provide assistance for the design and construction of environmental infrastructure projects, known as Section 219 projects. Such projects include the development of water transmission lines. Congress typically provides a lump sum appropriation for the Corps’ construction account, out of which Section 219 and other environmental infrastructure projects are funded.

GAO was asked to review projects carried out under the Section 219 program. This report examines (1) the number and type of Section 219 projects and expenditures from fiscal years 2013 through 2017, and (2) how the Corps prioritizes funding for Section 219 projects. GAO reviewed relevant federal laws and agency guidance; analyzed agency data for fiscal years 2013 through 2017, the most recent time period for which data were available; and interviewed agency officials at headquarters, three divisions, and three districts—selected based on geographic distribution and the amount of Section 219 project expenditures.

What GAO Recommends

GAO recommends that the Corps develop written criteria for ranking Section 219 projects for funding, taking into account a clear set of priorities, such as those identified by recent congressional direction. The agency concurred with the recommendation.

View GAO-19-487. For more information, contact Anne-Marie Fennell at (202) 512-3841 or fennella@gao.gov.
From Fiscal Years 2013 through 2017, the Corps Spent About $81 Million on 29 Section 219 Projects to Develop Drinking Water, Wastewater, and Stormwater Infrastructure

The Corps Generally Follows Its Standard Budget Prioritization Process for Section 219 Projects but Does Not Use Written Criteria to Rank Projects for Funding

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Figure 3: U.S. Army Corps of Engineers’ (Corps) Section 219 Projects Receiving Over $1 Million (M) in Expenditures from Fiscal Years 2013 through 2017

Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>Budget guidance</td>
<td>Corps policy guidance for budget development</td>
</tr>
<tr>
<td>Corps</td>
<td>U.S. Army Corps of Engineers</td>
</tr>
<tr>
<td>CEFMS</td>
<td>Corps of Engineers Financial Management System</td>
</tr>
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<td>WRDA</td>
<td>Water Resources Development Act</td>
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June 13, 2019

The Honorable John Barrasso
Chairman
The Honorable Tom Carper
Ranking Member
Committee on Environment and Public Works
United States Senate

The Honorable Peter DeFazio
Chairman
The Honorable Sam Graves
Ranking Member
Committee on Transportation and Infrastructure
House of Representatives

The Honorable James M. Inhofe
United States Senate

The U.S. Army Corps of Engineers (Corps), within the Department of Defense, is one of the world’s largest public engineering, design, and construction management agencies. Through its Civil Works program, the Corps plans, designs, constructs, operates, and maintains water resource projects under three core mission areas: restoration, protection, and management of aquatic ecosystems; flood risk management; and support of commercial navigation.¹ The Corps also carries out other activities. For example, the Corps provides design and construction assistance for environmental infrastructure projects. These projects focus on a variety of purposes, such as drinking water treatment and distribution and wastewater treatment.

Among the environmental infrastructure projects for which the Corps provides assistance are those authorized by Section 219 of the Water Resources Development Act (WRDA) of 1992, as amended, known as

¹The Corps has both a military and a Civil Works program. The military program provides, among other things, engineering and construction services to other U.S. government agencies and foreign governments, while the Civil Works program is responsible for investigating, developing, and maintaining water resource projects. This report discusses only the Civil Works program.
the Section 219 program. Under the Section 219 program, the Corps manages private contractors that construct, among other things, drinking water, wastewater, and stormwater infrastructure, for nonfederal sponsors, such as cities, counties, and regional authorities. Section 219 projects may consist of a number of subprojects. For example, a Section 219 project might involve the construction of water transmission lines for several different counties, which the Corps would manage as several subprojects.

Since fiscal year 2012, Congress has generally provided a lump sum appropriation for the Corps’ construction account, out of which environmental infrastructure projects, including Section 219 projects, are funded. The Corps finalizes its funding allocation decisions in an annual work plan to Congress, which delineates the Civil Works projects that are planned for the year. We have previously reported on aspects of the Corps’ Section 219 budget process. Specifically, in December 2009, we found that the Corps did not have criteria for funding Section 219 projects along the U.S.-Mexico border and recommended that the Corps develop eligibility criteria and a standard process to review and select projects for funding so that those with the greatest need receive assistance.

You asked us to review projects carried out under Section 219 of the 1992 WRDA. This report (1) describes the number and type of Section 219 projects and expenditures from fiscal years 2013 through 2017, and (2) examines how the Corps prioritizes funding for Section 219 projects.

To address these objectives, we reviewed relevant laws, including Section 219 of the 1992 WRDA, as amended. For background purposes, we obtained and summarized data from the Corps of Engineers Financial Management System (CEFMS) on the total number of authorized projects since 1992; the total amount of authorized dollars and expenditures on those projects; and the number of deauthorized projects, including the

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3The Corps partially concurred with the recommendation subject to additional funding; however the Corps did not receive additional funding and the recommendation was not implemented. GAO, Rural Water Infrastructure: Improved Coordination and Funding Processes Could Enhance Federal Efforts to Meet Needs in the U.S.-Mexico Border Region, GAO-10-126 (Washington, D.C.: Dec. 18, 2009).
date of deauthorization. We interviewed Corps headquarters officials responsible for Section 219 budget development. In addition, we interviewed officials from a nongeneralizable sample of three Corps districts (Charleston, Chicago, and Los Angeles) and three divisions (South Atlantic, Great Lakes and Ohio River, and South Pacific) who oversee Section 219 projects. We selected these districts and divisions based on geographic distribution and the amount of Section 219 project expenditures. From August to October 2018, we visited the Chicago and Los Angeles district offices and four Section 219 projects, and interviewed nonfederal sponsors responsible for the four projects. We reviewed documents, such as fact sheets, from district officials and nonfederal sponsors on each of the Section 219 projects included in the site visits. We also conducted telephone interviews with officials from the Charleston District and South Atlantic Division, as well as a nonfederal sponsor responsible for a project within their jurisdictions. Because this was a nongeneralizable sample, our findings cannot be generalized to all Corps districts and divisions but provide illustrative examples of Section 219 program operations.

To describe the number and type of Section 219 projects and expenditures from fiscal years 2013 through 2017, we analyzed and summarized data from CEFMS on the total number of active and completed projects for this period and the total amount expended on the projects. We selected fiscal years 2013 through 2017 because it was the most recent period for which data were available. We summarized data on Section 219 projects, such as the division and district responsible for managing the project, location, description, year of authorization, and phase of the project. To assess the reliability of the Corps’ data, we reviewed program documentation on system controls, interviewed officials responsible for data quality, and reviewed the Corps’ data to identify any potential missing fields, duplicate entries, or other anomalies. As a result of our assessment, the Corps updated its data set for fiscal years 2013 through 2017, including removing some duplicate projects. We concluded that the updated Corps data on Section 219 projects were sufficiently reliable for the purposes of our review. We also reviewed fact sheets and other Corps documents on Section 219 projects.

4The Corps uses CEFMS to perform key financial management functions supporting the Corps’ military and civil works missions.
To examine how the Corps prioritizes funding for Section 219 projects, we reviewed Corps guidance, including the Corps’ policy guidance for budget development (budget guidance) from fiscal years 2013 through 2017. 5 We also reviewed appropriations acts for the period, including congressional direction that accompanies these acts on how the Corps is to prioritize funding for environmental infrastructure projects. We examined the Corps’ annual work plans for the period, 6 which contain the final list of Section 219 projects that the Corps allocated funding to in each fiscal year. In addition, we examined a list of Section 219 projects that were not selected to receive funding in fiscal year 2018 (the most recent budget cycle), along with the Corps’ rationale for the funding decisions. We discussed the Corps’ procedures for prioritizing Section 219 funding with headquarters, division, and district officials. We compared the Corps’ budget guidance with relevant portions of the Standards for Internal Control in the Federal Government, such as using quality information to achieve objectives, to determine if the budget guidance aligned with the standards. 7

We conducted this performance audit from March 2018 to June 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Headquartered in Washington, D.C., the Corps has eight divisions established generally according to watershed boundaries and 38 districts that carry out its Civil Works program. Corps headquarters primarily develops policies and provides agency oversight. The Assistant Secretary of the Army for Civil Works, appointed by the President, sets the strategic

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6 Each work plan identifies the projects within the Civil Works program that will receive funding in each fiscal year and how much each will receive.

direction for the agency and has principal responsibility for the overall supervision of functions relating to the Civil Works program. The Chief of Engineers—a military officer—oversees the Corps’ civil works and military missions. The eight divisions—Great Lakes and Ohio River, Mississippi Valley, North Atlantic, Northwestern, Pacific Ocean, South Atlantic, South Pacific, and Southwestern—coordinate Civil Works projects in the districts within their respective divisions. Corps districts are responsible for planning, engineering, constructing, and managing Civil Works projects.

Section 219 Program Overview and Funding Process

Congress established the Section 219 program in the 1992 WRDA, which authorized the Corps to provide planning and design assistance to nonfederal sponsors in carrying out 18 environmental infrastructure projects, located in certain specified locations around the United States. For example, the 1992 WRDA authorized the Corps to provide assistance for a combined sewer overflow treatment facility for the city of Atlanta, Georgia. In subsequent acts, Congress authorized the Corps to provide construction assistance for Section 219 projects, in addition to planning and design, and significantly expanded the number of authorized projects. From 1992 through 2007, Congress authorized a total of 310 Section 219 projects, with the most recent and largest number of project authorizations occurring in 2007 (see table 1).

Table 1: Number of Authorized Section 219 Projects by Statute, 1992 through 2007

<table>
<thead>
<tr>
<th>Statute</th>
<th>Number of Authorized Section 219 Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Resources Development Act of 1992⁸</td>
<td>18</td>
</tr>
<tr>
<td>Water Resources Development Act of 1999⁹</td>
<td>41</td>
</tr>
<tr>
<td>Consolidated Appropriations Act, 2001⁴</td>
<td>47</td>
</tr>
<tr>
<td>Energy and Water Development Appropriations Act of 2004⁴</td>
<td>3</td>
</tr>
<tr>
<td>Consolidated Appropriations Act of 2005⁵</td>
<td>1</td>
</tr>
<tr>
<td>Water Resources Development Act of 2007⁷</td>
<td>200</td>
</tr>
<tr>
<td>Total</td>
<td>310</td>
</tr>
</tbody>
</table>

Source: GAO analysis of laws authorizing Section 219 projects | GAO-19-487

Note: Section 219 projects are environmental infrastructure projects authorized by Section 219 of the Water Resources Development Act of 1992, as amended.

⁸Combined sewer systems carry both stormwater and wastewater in the same pipes to a wastewater treatment plant. During storm events, combined sewer systems can overflow and release untreated wastewater into nearby water bodies. These types of releases are called combined sewer overflows.
For Section 219 projects, Congress specifies the geographic location (e.g., city, county), amount of authorized dollars, and purpose or scope of the project (e.g., development of drainage facilities to alleviate flooding problems). In general, Section 219 projects fall into one or more of the following types of projects:

- **Drinking water treatment and distribution.** Projects that build water treatment plants, water storage tanks, and water distribution lines.

- **Wastewater treatment.** Projects that build sewage treatment plants, wastewater collection systems, and facilities that purify treated wastewater for irrigation and other purposes.

- **Stormwater management.** Projects that help improve the management of storm sewers, eliminate or control sewer overflows, and address flooding.

According to Corps data, of the 310 originally authorized Section 219 projects, 58 have been deauthorized and were no longer active, as of November 2018. The Corps is required by the 1986 WRDA, as amended, to annually identify all authorized projects that have not received obligations in the preceding 5 full fiscal years and submit that list to Congress.\(^9\) If funds are not obligated for planning, design, or construction of a project on that list during the next fiscal year, the project is deauthorized. The Secretary of the Army publishes a list of deauthorized projects in the *Federal Register*. Based on this process, the Corps considered deauthorizing 197 additional Section 219 projects in its fiscal year 2017 report to Congress. However, the 2018 WRDA provided that the projects identified for deauthorization in the Corps’ fiscal year 2017

The Corps allocates funding for Section 219 projects and other environmental infrastructure programs from the construction account. That account generally receives no-year appropriations through the Energy and Water Development Appropriations Act—meaning the appropriation remains available for obligation for an indefinite period of time. Prior to fiscal year 2012, the conference reports accompanying the annual Energy and Water Development Appropriations Acts generally listed individual Section 219 projects and specific allocations of funding for each project. However, since fiscal year 2012, Congress has not provided allocation direction for individual projects, but instead generally has designated an amount in reports and joint explanatory statements for environmental infrastructure overall, ranging from about $30 million to $55 million annually. According to Corps data, from fiscal years 1992 through 2017, the Corps expended over $440 million on Section 219 projects.

Similar to other Civil Works projects, the Corps generally becomes involved in Section 219 projects when a nonfederal sponsor contacts the Corps for assistance on an authorized project. Corps districts gather additional information on the project from the nonfederal sponsor and determine if it is ready to be initiated. Once the Corps receives an appropriation from Congress, the agency decides whether to allocate funding to the project. If the project is selected to receive funding, it enters the preconstruction engineering and design phase. The purpose of this phase is to complete any additional planning studies and all of the detailed technical studies and designs—such as environmental impact studies—needed to begin construction. During this phase, the Corps also completes an environmental assessment of the proposed project.

To initiate construction, the Corps and the nonfederal sponsor sign a project partnership agreement that specifies how the parties will collaborate, their respective roles and responsibilities, and the terms and

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10Water Resources Development Act of 2018, Pub. L. No. 115-270, § 1332(b) (2018). Specifically, section 1332(b) of 2018 WRDA provides that projects and separable elements of projects identified in the Corps’ fiscal year 2017 report shall not be deauthorized unless such projects and separable elements meet certain requirements under 2016 WRDA, such that, for projects authorized for construction before November 8, 2007, planning, design, or construction was not initiated before the date of enactment of 2016 WRDA.
conditions under which they will execute their responsibilities. The project partnership agreement typically requires the sponsor to

- provide without cost to the U.S. government all lands, easements, rights-of-way, relocations, and disposal areas necessary for the construction and subsequent maintenance of the project;
- maintain and operate the project after completion without cost to the U.S. government; and
- provide cash or work-in-kind contributions to make the sponsor’s total contribution equal to 25 percent if the value of the sponsor’s land contribution does not equal or exceed 25 percent of the project cost.

The Corps manages the construction phase, contracting out construction work to private engineering and construction contractors. Throughout the construction phase, the Corps oversees the contractors’ work, performing routine inspections to ensure it meets the Corps’ design and engineering specifications. During construction, the Corps, the nonfederal sponsor, and the private contractor typically appoint representatives to a project coordination team that meets regularly until the period of construction ends. Upon notification by the District Engineer that construction is complete, the nonfederal sponsor is responsible for operations and maintenance.\footnote{The operations and maintenance phase involves the ongoing maintenance and repair of the water infrastructure, among other things.} Figure 1 shows the major steps in managing a Section 219 project.
Figure 1: Major Steps in Managing a Section 219 Project

Step 1: Local community contacts Corps district office for help on an authorized project
- District receives a letter of interest from the nonfederal sponsor outlining the scope of the project and requesting funding from the Corps.
- District evaluates the project, including determining whether it is ready to be initiated.
- After receiving an appropriation from Congress, the Corps decides whether to allocate funding to the project. If funded, the project proceeds to step 2.

Step 2: Preconstruction engineering and design phase
- The Corps conducts planning and design on the project.
- The Corps vets the design to ensure it meets the Corps’ construction specifications.
- The Corps completes an environmental assessment of the project.
- The Corps develops a letter report detailing the scope and estimated cost of the project.

Step 3: Construction phase
- The Corps and nonfederal sponsor sign a project partnership agreement.
- Nonfederal sponsor provides 25 percent cost share for the project.
- Construction is generally managed by the Corps but performed by private contractors.

Step 4: Operations and maintenance phase
- Once construction is complete, the Corps transfers the Section 219 project to the nonfederal sponsor, who assumes responsibility for operations, maintenance, repair, rehabilitation and replacement of the project.

Source: GAO presentation of U.S. Army Corps of Engineers (Corps) information. | GAO-19-487

Note: Section 219 projects are environmental infrastructure projects authorized by Section 219 of the Water Resources Development Act of 1992, as amended.
The Corps expended about $81 million on 29 Section 219 projects from fiscal years 2013 through 2017, which included various types of projects such as drinking water treatment and distribution, wastewater treatment, and stormwater management. Examples of these projects include the following:

- **Drinking Water Treatment and Distribution.** The Corps manages a Section 219 project that includes the development of water desalination infrastructure in various sections of the South Perris community, located east of Los Angeles, California. In general, the South Perris area relies on a mixture of groundwater and water imported from different sources, including the Colorado River. According to the Corps’ environmental assessment, various factors, such as drought, caused the community to supplement its drinking water supply through increased use of groundwater; however, the groundwater in the area historically contained high salt content. Since the project’s authorization in fiscal year 2001 through fiscal year 2017, the Corps has helped construct groundwater wells and pipelines, which connect to drinking water treatment facilities that reduce the amount of salt in the water (see fig. 2). According to the nonfederal sponsor for the South Perris project, the overall project has provided benefits such as creating a local potable water source to meet anticipated population growth and reducing the community’s dependence on imported water.

- **Wastewater Treatment.** The Corps manages a Section 219 project that includes the rehabilitation of sewer lines within the metropolitan area of St. Louis, Missouri. The city’s wastewater system dates back to the 1800s and lacks the capacity to handle large flows. From the project’s authorization in fiscal year 1999 through fiscal year 2017, the Corps has assisted the community, among other things, in sewer rehabilitation of deep tunnels. According to documentation from the Corps’ St. Louis District, the rehabilitation of sewers is important in protecting the health and safety of the public, given the risk of untreated sewage being discharged into the environment.

- **Stormwater Management.** The Corps manages a Section 219 project that involves the development of stormwater infrastructure, among other things, across a five-county region (Calumet region) in northern Indiana. For example, flooding is a widespread problem in the area. 

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In general, desalination projects treat brackish groundwater—water that has a level of salinity above freshwater but below seawater—and then feed it directly into potable water distribution systems, among other things.
the region and it has affected commercial corridors, including within Gary, Indiana. From the project’s authorization in fiscal year 1999 through fiscal year 2017, the Corps has been assisting the region with measures to alleviate flooding, such as constructing stormwater storage areas under the street (see fig. 2). According to a nonfederal sponsor we interviewed, the Corps’ efforts in the Calumet region have offered benefits to local communities by, among other things, improving storm drainage in an area that experienced flooding during heavy rainfall.

Figure 2: Two U.S. Army Corps of Engineers Section 219 Projects: Drinking Water Treatment in South Perris, California, (left) and Stormwater Management in Calumet Region, Indiana, (right)

Note: Section 219 projects are environmental infrastructure projects authorized by Section 219 of the Water Resources Development Act of 1992, as amended.

The 29 Section 219 projects with expenditures from fiscal years 2013 through 2017 were located in different parts of the country and managed by six Corps divisions, although the majority of the projects were under the South Pacific Division (10 of the 29 projects) and Great Lakes and Ohio River Division (eight of the 29 projects). The five states with the largest number of projects during this period were

- California, with nine Section 219 projects;
- Virginia, with three Section 219 projects; and
- Michigan, Pennsylvania, and Mississippi, each with two Section 219 projects.

These projects varied in terms of the geographic area covered, such as a city, county, or region (e.g., multiple counties). Based on the project
descriptions we reviewed, 10 of the projects focused on the environmental infrastructure needs of cities, nine focused on counties and 10 on regions. Projects that cover a broad geographic area, such as those at the county or regional level, generally consist of different types of subprojects. For example, the Cook County, Illinois Section 219 project included several subprojects, such as the construction of water mains and sewer improvements in different areas across the county.

Most of the Section 219 projects (24 of the 29 projects) were authorized in 2000 or earlier and were ongoing as of November 2018. Only one of the 29 projects was completed; the project in St. Croix Falls, Wisconsin, was completed in fiscal year 2014. For the St. Croix Falls project, the Corps assisted with improvements to a wastewater treatment plant, such as installing equipment to screen out large solids that otherwise would be released into the St. Croix River. Of the 28 remaining projects that were ongoing, as of November 2018, 17 were in the construction phase, and 11 were in the preconstruction engineering and design phase. Table 2 summarizes information on the 29 projects with expenditures from fiscal years 2013 through 2017 by division and district. See appendix I for additional information on each project, including a detailed description and the total amount of expenditures from fiscal years 2013 through 2017.

Table 2: Section 219 Projects that Expended Funds from Fiscal Years 2013 through 2017, by U.S. Army Corps of Engineers Division and District

<table>
<thead>
<tr>
<th>Division and district</th>
<th>Project location</th>
<th>Year authorized</th>
<th>Project phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Lakes and Ohio River Division</td>
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<tr>
<td>Chicago District</td>
<td>Calumet Region, Indiana</td>
<td>1999</td>
<td>Construction</td>
</tr>
<tr>
<td></td>
<td>Cook County, Illinois</td>
<td>2000</td>
<td>Construction</td>
</tr>
<tr>
<td>Detroit District</td>
<td>Genesee County, Michigan</td>
<td>2000</td>
<td>Construction</td>
</tr>
<tr>
<td></td>
<td>Oakland County, Michigan</td>
<td>1999</td>
<td>Construction</td>
</tr>
<tr>
<td>Nashville District</td>
<td>Cumberland County, Tennessee</td>
<td>1999</td>
<td>Preconstruction engineering and design</td>
</tr>
<tr>
<td></td>
<td>Eastern Shore and Southwest Virginia</td>
<td>1999</td>
<td>Construction</td>
</tr>
<tr>
<td>Pittsburgh District</td>
<td>Allegheny County, Pennsylvania</td>
<td>2000</td>
<td>Construction</td>
</tr>
<tr>
<td></td>
<td>Northern West Virginia</td>
<td>2007</td>
<td>Preconstruction engineering and design</td>
</tr>
<tr>
<td>Division and district</td>
<td>Project location</td>
<td>Year authorized</td>
<td>Project phase</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>---------------------------------------</td>
<td>-----------------</td>
<td>---------------------------------------------------</td>
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<tr>
<td>Mississippi Valley Division</td>
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<tr>
<td>Memphis District</td>
<td>DeSoto County, Mississippi</td>
<td>1999</td>
<td>Construction</td>
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<tr>
<td>New Orleans District</td>
<td>Baton Rouge, Louisiana</td>
<td>1999</td>
<td>Construction</td>
</tr>
<tr>
<td>St. Paul District</td>
<td>St. Croix Falls, Wisconsin</td>
<td>2004</td>
<td>Operations and maintenance (completed 2014)</td>
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<td>St. Louis District</td>
<td>St. Louis, Missouri</td>
<td>1999</td>
<td>Construction</td>
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<td>North Atlantic Division</td>
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<td>Norfolk District</td>
<td>Lynchburg, Virginia</td>
<td>1992</td>
<td>Preconstruction engineering and design</td>
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<td></td>
<td>Richmond, Virginia</td>
<td>1992</td>
<td>Preconstruction engineering and design</td>
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<tr>
<td>Philadelphia District</td>
<td>Northeast Pennsylvania</td>
<td>1999</td>
<td>Preconstruction engineering and design</td>
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<td>South Atlantic Division</td>
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<tr>
<td>Charleston District</td>
<td>Lakes Marion and Moultrie, South Carolina</td>
<td>1999</td>
<td>Construction</td>
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<td>Mobile District</td>
<td>Atlanta, Georgia</td>
<td>1992</td>
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<td></td>
<td>Jackson County, Mississippi</td>
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<td>South Pacific Division</td>
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<tr>
<td>Albuquerque District</td>
<td>El Paso County, Texas</td>
<td>2007</td>
<td>Construction</td>
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<td>Los Angeles District</td>
<td>Cambria, California</td>
<td>2000</td>
<td>Preconstruction engineering and design</td>
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<td>Inglewood, California</td>
<td>2000</td>
<td>Preconstruction engineering and design</td>
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<tr>
<td></td>
<td>Desert Hot Springs, California</td>
<td>2000</td>
<td>Preconstruction engineering and design</td>
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<tr>
<td></td>
<td>Perris, California</td>
<td>2007</td>
<td>Preconstruction engineering and design</td>
</tr>
<tr>
<td></td>
<td>Lancaster, California</td>
<td>1999</td>
<td>Construction</td>
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<td></td>
<td>Harbor/South Bay, California</td>
<td>1999</td>
<td>Construction</td>
</tr>
<tr>
<td></td>
<td>South Perris, California</td>
<td>2000</td>
<td>Construction</td>
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<tr>
<td>San Francisco District</td>
<td>Contra Costa, California</td>
<td>2007</td>
<td>Preconstruction engineering and design</td>
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<tr>
<td></td>
<td>San Ramon Valley, California</td>
<td>1999</td>
<td>Construction</td>
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<tr>
<td>Southwestern Division</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tulsa District</td>
<td>Yukon, Oklahoma</td>
<td>2000</td>
<td>Preconstruction engineering and design</td>
</tr>
</tbody>
</table>

Source: GAO analysis of U.S. Army Corps of Engineers (Corps) data. | GAO-19-487

Note: Section 219 projects are environmental infrastructure projects authorized by Section 219 of the Water Resources Development Act of 1992, as amended. These projects include three phases: preconstruction engineering and design, construction, and operations and maintenance. Preconstruction engineering and design involves the completion of planning studies and all of the
detailed technical studies and designs needed to begin construction, while construction is the physical installation or improvement of water infrastructure. Operations and maintenance is the ongoing maintenance and repair of the water infrastructure, among other things.

As previously noted, the Corps spent about $81 million on these 29 Section 219 projects from fiscal years 2013 through 2017. During that period, expenditures by fiscal year ranged from about $11 million to $22 million. Divisions with the largest percentage of overall expenditures from fiscal years 2013 through 2017 were the South Atlantic Division (36 percent) and Mississippi Valley Division (25 percent). The divisions with the smallest percentage of overall expenditures during the period were the North Atlantic Division (less than 1 percent) and Southwestern Division (4 percent). Table 3 summarizes overall expenditures from fiscal years 2013 through 2017 by division and fiscal year.

<table>
<thead>
<tr>
<th>Division</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>Total FY 2013 through 2017</th>
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</thead>
<tbody>
<tr>
<td>Great Lakes and Ohio River</td>
<td>$4,385,982</td>
<td>$2,087,832</td>
<td>$2,386,699</td>
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<tr>
<td>Mississippi Valley</td>
<td>$6,423,345</td>
<td>$2,466,129</td>
<td>$1,760,298</td>
<td>$4,285,084</td>
<td>$5,196,149</td>
<td>$20,131,004</td>
</tr>
<tr>
<td>North Atlantic</td>
<td>$81,468</td>
<td>$6,548</td>
<td>$(1,158)</td>
<td>$0</td>
<td>$0</td>
<td>$86,858</td>
</tr>
<tr>
<td>South Atlantic</td>
<td>$10,430,462</td>
<td>$5,891,905</td>
<td>$9,496,593</td>
<td>$2,333,649</td>
<td>$499,231</td>
<td>$28,651,841</td>
</tr>
<tr>
<td>South Pacific</td>
<td>$236,061</td>
<td>$247,767</td>
<td>$713,056</td>
<td>$4,333,863</td>
<td>$6,697,847</td>
<td>$12,228,594</td>
</tr>
<tr>
<td>Southwestern</td>
<td>$0</td>
<td>$20,075</td>
<td>$52,553</td>
<td>$72,474</td>
<td>$3,107,071</td>
<td>$3,252,174</td>
</tr>
<tr>
<td>Total</td>
<td>$21,557,317</td>
<td>$10,720,257</td>
<td>$14,408,042</td>
<td>$13,680,713</td>
<td>$20,156,438</td>
<td>$80,522,768</td>
</tr>
</tbody>
</table>

Legend: ( ) = Negative value.
Source: GAO analysis of U.S. Army Corps of Engineers (Corps) data.

Note: Section 219 projects are environmental infrastructure projects authorized by Section 219 of the Water Resources Development Act of 1992, as amended. According to Corps officials, negative values may occur when the district receives and records the cost-share amount from the non-federal sponsor.

Of the 29 projects with expenditures from fiscal years 2013 through 2017, 15 projects expended less than $1 million each, representing a total of $2.3 million. The majority of these projects (10 of the 15 projects) were in the preconstruction engineering and design phase. For example, as part of the Cambria, California, project, the Corps expended about $244,000 on preconstruction engineering and design activities, such as evaluating the environmental impacts of constructing a seawater desalination facility. In addition, for the Cumberland County, Tennessee, project, the Corps expended about $261,000 on planning and design for water supply projects.
In comparison, 14 of the 29 projects expended more than $1 million each over the same time period, representing a total of $78.2 million. In particular, the Corps spent over half of the funding during this time period on four projects: Calumet Region in Indiana; DeSoto County, Mississippi; Jackson County, Mississippi; and Lakes Marion and Moultrie in South Carolina (see fig. 3). These projects generally consisted of multiple subprojects and covered a wide geographic area. For example, the Calumet Region project has involved over 25 subprojects since its authorization in fiscal year 1999 through August 2018. Through these subprojects, the Corps has managed various activities, including replacing drinking water lines, improving wastewater treatment plants, and installing stormwater infrastructure in a number of cities across Indiana. Additionally, the Lakes Marion and Moultrie project in South Carolina has included a range of subprojects, such as construction of a water treatment plant, construction of a water tower, and installation of water transmission lines across six counties.
Figure 3: U.S. Army Corps of Engineers’ (Corps) Section 219 Projects Receiving Over $1 Million (M) in Expenditures from Fiscal Years 2013 through 2017

- **St. Croix Falls, Wisconsin ($3.4 M):** Sewage treatment plant and collector system
- **Calumet Region, Indiana ($10.8 M):** Drinking water infrastructure and wastewater treatment facilities for five counties
- **Oakland County, Michigan ($2.0 M):** Drinking water and wastewater infrastructure
- **DeSoto County, Mississippi ($9.3 M):** Sewer systems
- **Lakes Marion and Moultrie, South Carolina ($12.3 M):** Drinking water infrastructure and a sewer component for six counties
- **Atlanta, Georgia ($4.3 M):** Combined sewer overflow treatment facility and watershed restoration
- **El Paso County, Texas ($3.7 M):** Wastewater treatment facilities, stormwater management, and environmental restoration
- **Baton Rouge, Louisiana ($1.5 M):** Drinking water and wastewater infrastructure for three parishes
- **Jackson County, Mississippi ($12 M):** Drinking water infrastructure and sewer systems
- **St. Louis, Missouri ($5.0 M):** Sewer systems
- **Cook County, Illinois ($1.9 M):** Drinking water infrastructure and resource protection and development
- **Harbor/South Bay, California ($1.6 M):** Industrial water reuse infrastructure
- **Yukon, Oklahoma ($3.3 M):** Drinking water infrastructure

Sources: GAO analysis of U.S. Army Corps of Engineers data; Map Resources (map). | GAO-19-487

Note: Section 219 projects are environmental infrastructure projects authorized by Section 219 of the Water Resources Development Act of 1992, as amended. This figure includes the 14 Section 219 projects on which the Corps expended over $1 million from fiscal years 2013 through 2017. During that time period, the Corps expended less than $1 million on 15 Section 219 projects.
The Corps generally follows its standard budget process for prioritizing funding for the Section 219 program. This process involves ranking Section 219 projects for funding by all three levels of the Corps’ organization—districts, divisions, and headquarters.

- District officials identify Section 219 projects, including subprojects, and other environmental infrastructure projects for potential funding; enter a numerical ranking for each project in the Civil Works Integrated Funding Database; and submit the information to the division through the database.

- Division officials receive the rankings from each of the multiple districts in the division. Division officials then re-rank the Section 219 and other environmental infrastructure projects from all of their districts against one another. Division officials enter the numerical ranking for all projects across all their districts into the Civil Works Integrated Funding Database and submit the information to headquarters through the database.

- Headquarters officials receive the rankings from each division. They re-rank the projects from all divisions against each other to generate the final nationwide rankings. Based on the final rankings, not all Section 219 and other environmental infrastructure projects that the divisions submitted will receive funding. Headquarters officials then determine a funding amount for each Section 219 project selected to receive funding and publish these decisions in the agency’s annual work plan. After headquarters publishes the annual work plan, headquarters officials begin to allocate funding to Section 219 projects.

However, the Corps does not have written criteria to guide the ranking of Section 219 projects, in contrast to other types of projects. Specifically, in our December 2018 report, we found that the Corps uses written

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14The Civil Works Integrated Funding Database is an integrated data set used for supporting program development and making budget, work plan, and supplemental funding decisions. All levels of the Corps use the database to enter and manage data and develop reports.

15Unlike other Civil Works programs, the Corps does not include Section 219 projects in the President’s annual budget request; as a result, headquarters makes final allocation decisions after the agency receives an appropriation.
criteria—such as the rate of economic return, populations at risk, and economic impact—to prioritize funding for core mission areas, such as flood risk management and navigation projects. While Corps budget guidance indicates the criteria each core mission area should use in the ranking process, it does not specify criteria for Section 219 or other environmental infrastructure projects. In the absence of written criteria, Corps officials use their discretion on how to rank Section 219 projects for funding, according to Corps headquarters officials.

When ranking Section 219 projects for funding, officials in each of the districts we interviewed generally consider whether Section 219 projects can be completed within the fiscal year. However, we found that the districts vary in terms of whether other factors are considered and what those factors are. Specifically,

- One district considers the level of congressional support and the potential public health impacts of the project.
- Another district considers the level of congressional support and the dollar value of the project.
- A third district only considers whether the project can be completed within the fiscal year.

At the division level, officials we interviewed stated that they consider, among other things, the level of congressional support for the projects; however, to a large extent they rely on the rankings provided by their respective districts. Headquarters officials said that they primarily focus on ensuring that projects are geographically dispersed across the divisions when assigning final rankings for Section 219 projects.

In recent years, congressional direction has indicated that the Corps, when allocating funding, is to consider giving priority for environmental infrastructure projects that have certain characteristics. For example, the Joint Explanatory Statement accompanying the Consolidated Appropriations Act in 2017 directed the Corps to consider characteristics such as projects:

- with the greater economic impact;
- in rural communities;

• in communities with significant shoreline and instances of runoff;
• in or that benefit counties or parishes with high poverty rates; and
• in financially distressed municipalities.¹⁷

Corps headquarters, division, and district officials we interviewed said that while they are generally aware of this congressional direction, they do not use it to guide the Section 219 ranking process. According to a division official, written criteria would be helpful for ranking projects across multiple districts and would clarify procedures for new staff. Officials we interviewed in the three districts said, in general, written criteria would clarify the ranking process. For example, one Corps district official stated that written criteria would provide standardization to the ranking process, ensuring that each district is focused on the highest priorities of the agency.

According to Corps headquarters officials, although they see value in having written criteria to prioritize Section 219 funding, they have not developed such criteria because the agency considers Section 219 projects to be outside the agency's core mission areas, such as flood control. According to a 2008 Corps report to Congress, “Funds provided to the Corps for wastewater treatment and municipal and industrial water supply projects necessarily reduce the amount of funds that instead could be used for the primary mission areas of the Corps. Thus, provision of Civil Works funding for these environmental infrastructure programs negatively affects the Corps’ ability to meet critical mission needs…such as restoring nationally significant ecosystems.”¹⁸ Headquarters officials confirmed that this report accurately reflects the agency’s current position. Corps officials also stated that developing written criteria has not been a priority because Section 219 projects represent a small percentage of the agency’s overall Civil Works budget.¹⁹

Federal standards for internal control states that agencies should use quality information to achieve their objectives by identifying information


¹⁹Based on the Corps’ 2017 work plan, Section 219 projects accounted for about 1 percent of the total funds allocated for construction of Civil Works projects.
requirements. The federal standards also call for agencies to design control activities to achieve objectives and respond to risks, such as by clearly documenting internal control in management directives, administrative policies, or operating manuals. By establishing written criteria, the Corps would have greater assurance that its project selections align with a clear set of priorities, such as the characteristics identified in recent congressional direction for the agency to consider when selecting Section 219 projects for funding.

Conclusions

Since the inception of the Section 219 program in 1992, the Corps has spent over $440 million on water infrastructure projects across its divisions and districts. However, the Corps has not developed written criteria for ranking Section 219 projects for funding as it has for other Civil Works programs within the agency’s core mission areas. Consequently, officials at the district, division, and headquarters levels are using their discretion regarding which factors to consider in ranking Section 219 projects for funding. Further, Congress has provided direction to the Corps on which characteristics to consider in prioritizing Section 219 funding; however, Corps officials stated that they do not use it to guide their ranking of Section 219 projects. By establishing written criteria, the Corps would have greater assurance that its project selections align with a clear set of priorities, such as the characteristics identified in recent congressional direction for the agency to consider when selecting Section 219 projects for funding.

Recommendation for Executive Action

The Secretary of the Army should direct the Chief of Engineers and Commanding General of the U.S. Army Corps of Engineers to develop written criteria for ranking Section 219 projects for funding, taking into account a clear set of priorities, such as those identified by recent congressional direction.

Agency Comments

We provided a draft of this report to the Department of Defense for review and comment. In its written comments, reprinted in appendix II, the department concurred with our recommendation and described the actions they plan to take. Specifically, the Corps will develop and document a more rigorous set of priorities in line with those identified by

20GAO-14-704G.
recent Congressional direction. The department also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, the Chief of Engineers and Commanding General of the U.S. Army Corps of Engineers, and other interested parties. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-3841 or fennella@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

Anne-Marie Fennell
Director, Natural Resources and Environment
### Appendix I: Description of U.S. Army Corps of Engineers Section 219 Projects and Expenditures from Fiscal Years 2013 through 2017

<table>
<thead>
<tr>
<th>Project location</th>
<th>Project description as authorized by statute</th>
<th>Total expenditures, fiscal years 2013 through 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allegheny County, Pennsylvania</td>
<td>Water-related environmental infrastructure, Allegheny County, Pennsylvania.</td>
<td>$773,594</td>
</tr>
<tr>
<td>Atlanta, Georgia</td>
<td>A combined sewer overflow treatment facility for the city of Atlanta, Georgia and watershed restoration and development in the regional Atlanta watershed including Big Creek and Rock Creek.</td>
<td>$4,273,038</td>
</tr>
<tr>
<td>Baton Rouge, Louisiana</td>
<td>Water-related infrastructure for the parishes of East Baton Rouge, Ascension, and Livingston, Louisiana.</td>
<td>$1,486,996</td>
</tr>
<tr>
<td>Calumet Region, Indiana</td>
<td>Water-related infrastructure projects in the counties of Benton, Jasper, Lake, Newton, and Porter, Indiana.</td>
<td>$10,821,843</td>
</tr>
<tr>
<td>Cambria, California</td>
<td>Desalination infrastructure, Cambria, California.</td>
<td>$244,405</td>
</tr>
<tr>
<td>Contra Costa, California</td>
<td>Water and wastewater infrastructure for the Contra Costa Water District, California.</td>
<td>$179,755</td>
</tr>
<tr>
<td>Cook County, Illinois</td>
<td>Water-related infrastructure and resource protection and development, Cook County, Illinois.</td>
<td>$1,874,502</td>
</tr>
<tr>
<td>Cumberland County, Tennessee</td>
<td>Water supply projects in Cumberland County, Tennessee.</td>
<td>$261,380</td>
</tr>
<tr>
<td>Desert Hot Springs, California</td>
<td>Resource protection and wastewater infrastructure, Desert Hot Springs, California.</td>
<td>$130,034</td>
</tr>
<tr>
<td>DeSoto County, Mississippi</td>
<td>Wastewater treatment project in the county of DeSoto, Mississippi.</td>
<td>$9,300,952</td>
</tr>
<tr>
<td>Eastern Shore and Southwest Virginia</td>
<td>Water supply and wastewater infrastructure projects in the counties of Accomack, Northampton, Lee, Norton, Wise, Scott, Russell, Dickenson, Buchanan, and Tazewell, Virginia.</td>
<td>$84,442</td>
</tr>
<tr>
<td>El Paso County, Texas</td>
<td>Water-related infrastructure and resource protection, including stormwater management, and development, El Paso County, Texas.</td>
<td>$3,695,893</td>
</tr>
<tr>
<td>Genesee County, Michigan</td>
<td>Wastewater infrastructure assistance to reduce or eliminate sewer overflows, Genesee County, Michigan.</td>
<td>$347,926</td>
</tr>
<tr>
<td>Harbor/South Bay, California</td>
<td>Industrial water reuse project for the Harbor/South Bay area, California.</td>
<td>$1,641,146</td>
</tr>
<tr>
<td>Inglewood, California</td>
<td>Water infrastructure, Inglewood, California.</td>
<td>$63,256</td>
</tr>
<tr>
<td>Jackson County, Mississippi</td>
<td>Provision of an alternative water supply for Jackson County, Mississippi.</td>
<td>$12,048,673</td>
</tr>
<tr>
<td>Lakes Marion and Moultrie, South Carolina</td>
<td>Wastewater treatment and water supply treatment and distribution projects in the counties of Berkeley, Calhoun, Clarendon, Colleton, Dorchester, and Orangeburg, South Carolina.</td>
<td>$12,330,130</td>
</tr>
<tr>
<td>Lancaster, California</td>
<td>A project to provide water facilities for the Fox Field Industrial Corridor, Lancaster, California.</td>
<td>$14,310</td>
</tr>
<tr>
<td>Lynchburg, Virginia</td>
<td>Alleviation of combined sewer overflows for Lynchburg, Virginia, in accordance with combined sewer overflow control plans adopted by, and currently being implemented by, the non-Federal sponsor.</td>
<td>$28,240</td>
</tr>
<tr>
<td>Northeast Pennsylvania</td>
<td>Water-related infrastructure in the counties of Lackawanna, Lycoming, Susquehanna, Wyoming, Pike, Wayne, Sullivan, Bradford, and Monroe, Pennsylvania, including assistance for the Montoursville Regional Sewer Authority, Lycoming County, Pennsylvania.</td>
<td>$6,869</td>
</tr>
</tbody>
</table>
### Appendix I: Description of U.S. Army Corps of Engineers Section 219 Projects and Expenditures from Fiscal Years 2013 through 2017

<table>
<thead>
<tr>
<th>Project location</th>
<th>Project description as authorized by statute</th>
<th>Total expenditures, fiscal years 2013 through 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern West Virginia</td>
<td>Water and wastewater infrastructure in Hancock, Ohio, Marshall, Wetzel, Tyler, Pleasants, Wood, Doddridge, Monongalia, Marion, Harrison, Taylor, Barbour, Preston, Tucker, Mineral, Grant, Gilmer, Brooke, and Ritchie Counties, West Virginia.</td>
<td>$ 12,457</td>
</tr>
<tr>
<td>Oakland County, Michigan</td>
<td>A project to eliminate or control combined sewer overflows in the cities of Berkley, Ferndale, Madison Heights, Royal Oak, Birmingham, Hazel Park, Oak Park, Southfield, Clawson, Huntington Woods, Pleasant Ridge, and Troy, and the village of Beverly Hills, and the Charter Township of Royal Oak, Michigan.</td>
<td>$ 1,996,152</td>
</tr>
<tr>
<td>Perris, California</td>
<td>Recycled water transmission infrastructure, Eastern Municipal Water District, Perris, California.</td>
<td>$ 22,015</td>
</tr>
<tr>
<td>Richmond, Virginia</td>
<td>Alleviation of combined sewer overflows for Richmond, Virginia, in accordance with combined sewer overflow control plans adopted by, and currently being implemented by, the non-federal sponsor.</td>
<td>$ 51,749</td>
</tr>
<tr>
<td>San Ramon Valley, California</td>
<td>A project for recycled water for San Ramon Valley, California.</td>
<td>$ 48,980</td>
</tr>
<tr>
<td>South Perris, California</td>
<td>Water supply desalination infrastructure, South Perris, California.</td>
<td>$ 6,188,800</td>
</tr>
<tr>
<td>St. Croix Falls, Wisconsin</td>
<td>Wastewater infrastructure, St. Croix Falls, Wisconsin.</td>
<td>$ 3,359,351</td>
</tr>
<tr>
<td>St. Louis, Missouri</td>
<td>Projects to eliminate or control combined sewer overflows in the city of St. Louis and St. Louis County, Missouri.</td>
<td>$ 5,983,705</td>
</tr>
<tr>
<td>Yukon, Oklahoma</td>
<td>Water-related infrastructure, including wells, booster stations, storage tanks, and transmission lines, Yukon, Oklahoma.</td>
<td>$ 3,252,174</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$ 80,522,768</strong></td>
</tr>
</tbody>
</table>

Legend: — = Not applicable.

Source: GAO analysis of U.S. Army Corps of Engineers data and laws authorizing Section 219 projects. | GAO-19-487

Note: Section 219 projects are environmental infrastructure projects authorized by Section 219 of the Water Resources Development Act of 1992, as amended. Totals may not sum due to rounding.
Appendix II: Comments from the Department of Defense

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
CIVIL WORKS
105 ARMY PENTAGON
WASHINGTON DC 20310-0108

MAY 20, 2019

Ms. Anne-Marie Fennell
Director, Natural Resources & Environment
U.S. Government Accountability Office
441 G Street, NW
Washington DC 20548

Dear Ms. Fennell,


Attached is DoD's response on the subject report recommendation. Specific comments on the report are also enclosed. My point of contact is Stacey Jensen who can be reached at stacey.m.jensen.civ@mail.mil and by phone at 703-695-6791.

R.D. James
Assistant Secretary of the Army
(Civil Works)
GAO Draft Report Dated April 25, 2019
GAO-19-487 (GAO CODE 102674)

“ARMY CORPS OF ENGINEERS: Process for Selecting Section 219 Projects for Funding Could Be Strengthened”

DEPARTMENT OF DEFENSE COMMENTS TO THE GAO RECOMMENDATION

RECOMMENDATION 1: The GAO recommends that the Secretary of Army should direct the Chief of Engineers and Commanding General of the U.S. Army Corps of Engineers to develop written criteria for ranking Section 219 projects for funding, taking into account a clear set of priorities, such as those identified by recent congressional direction. (Recommendation 1)

DoD RESPONSE: The DoD concurs with the recommendation. Historically, the Administration has not budgeted for these types of projects. Prior to the Congressional earmark ban, funding for these projects was provided by project name. Following the advent of Congressional earmarks, Congress began providing funding to the U.S. Army Corps of Engineers for these types of projects through funding pots with written Congressional direction on the types of broad, general metrics that should be considered when allocating funding. Given that it now appears that Congress is planning to continue funding these projects in this manner, it now makes sense for the U.S. Army Corps of Engineers to develop a more rigorous set of priorities in line with those identified by recent Congressional direction and to formally document those priorities. The Army will provide direction to the Corps within 60 days of the final GAO report.
Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact
Anne-Marie Fennell, (202) 512-3841 or fennella@gao.gov.

Staff Acknowledgments
In addition to the contact named above, Vondalee R. Hunt (Assistant Director), Anthony C. Fernandez (Analyst-In-Charge), Patricia Moye, Gloria Ross, and Sheryl Stein made significant contributions to this report. Important contributions were also made by Patricia Donahue, Tim Guinane, Susan Murphy, Sara Sullivan, Kiki Theodoropoulos, and Walter Vance.
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