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**PRESIDENT'S FY 2006 BUDGET REQUEST**  
**REPRESENTS HIGHEST PROPOSED ARMY**  
**CORPS OF ENGINEERS' CIVIL WORKS**  
**PROGRAM BUDGET IN MANY YEARS**

**CURRENT BUDGET REQUEST DEMONSTRATES ADMINISTRATION'S**  
**INCREASING UNDERSTANDING OF CRITICAL VALUE OF INLAND**  
**WATERWAYS SYSTEM**

WASHINGTON, DC – Released on February 7, 2005, President Bush's FY 2006 proposed budget requests the highest funding for the U.S. Army Corps of Engineers Civil Works program in many years. It demonstrates the Bush Administration's increasing understanding of the myriad benefits of the nation's inland waterways system and the need to nurture, not neglect, this critically important transportation system. The budget request underscores the President's goal to keep the Nation economically strong and competitive.

This budget request of \$4.513 billion proposes FY '06 spending of \$184 million from the dedicated Inland Waterways Trust Fund (IWTF) for the modernization of priority, Congressionally-approved locks and dams on the inland system. This allocation meets Waterways Council, Inc.'s recommendation to spend at least \$150 million per year over the next seven to eight years from the Inland Waterways Trust Fund. During the 1990s the Trust Fund surplus grew to about \$400 million. Annual revenues from taxes on towboats operating on America's inland navigation system are about \$100 million annually. The President's budget request is the highest funding recommendation for IWTF funded projects since cost-sharing legislation was enacted into law in 1986. As required under current law, these Trust Fund expenditures will be matched by general revenue treasury funds.

Waterways carriers, shippers, port authorities and companies which use the nation's waterways to transport essential bulk commodities such as coal, grain, petroleum and chemicals valued at more than \$31 billion annually rely upon a well-maintained and modern national system of ports and waterways.

“We are very pleased with the President’s increasing recognition of the importance of the inland and coastal waterways and ports as a national transportation and economic engine,” said R. Barry Palmer, President & CEO of Waterways Council, Inc. “We are in the early stages of evaluating the budget request for the planning, construction, and operation and maintenance of inland navigation system needs, but we are very encouraged by the recognition of the Administration’s continuing understanding of the critical value of this transportation system while reflecting the priorities of a Nation at war,” he continued.

Upon release of the budget, Principal Deputy Assistant Secretary of the Army for Civil Works John Paul Woodley, Jr. said, “This is very much a performance based budget... using seven performance guidelines to allocate funds among construction projects, to achieve greater value to the Nation from the Civil Works construction program. The budget provides a high level of funding for the projects that offer the best returns.”

“We concur with Secretary Woodley and applaud the Administration’s strategy to accelerate high priority projects because they provide high-return benefits, including Olmsted Locks and Dam (Ohio River, IL/KY), McAlpine Lock, (Ohio River, IN/KY), Marmet (Kanawha River, West Virginia), Lower Monongahela River 2, 3 and 4 (PA), as well as major rehabilitation projects on the system,” Palmer continued. These major rehabilitation projects include Locks and Dams 11, 19 and 24 for the Upper Mississippi River, and the Emsworth Dam downriver from Pittsburgh’s Point on the Ohio River.

Waterways Council Inc. is, however, concerned about the proposed possible suspension of funding for projects not as far along in their construction cycle, such as Inner Harbor Navigation Lock Replacement (LA), Kentucky Lock (Tennessee River, KY), and Chickamauga Lock (Tennessee River, TN). “We are also concerned that the proposed budget does not envision moving more quickly to construct navigation improvements on the Upper Mississippi and Illinois Rivers,” said Palmer.

Waterways Council Inc. is also encouraged by the Corps’ FY 06 budget request in the Operations & Maintenance (O&M) account for a reserve fund to perform unexpected, yet urgent Corps’ maintenance and repair at key waterways facilities. “There have been emergency shutdowns at 15 key inland navigation facilities on America’s inland navigation system in the last three years. These shutdowns, due to a failure of components at lock and dam sites, have created significant avoidable economic loss to shippers and end users utilizing America’s waterways,” Palmer continued. The emergency shutdown of the Greenup Locks and Dams on the Ohio River in October 2003 cost industry users an additional \$73 million due to the unscheduled closure.

A critical economic generator, the nation’s waterways transport key building-block commodities such as coal, grain, petroleum, chemicals, and aggregates that fuel the nation’s industrial and agricultural activity. The U.S. barge and towing industry is the most efficient mode of transportation, moving 15 percent of the nation's freight for just two percent of the freight transportation cost, saving shippers and consumers more than \$7 billion annually compared to alternate transportation modes. Also more

environmentally sound, waterways transport handles cargo equal to 40 million trucks or 10 million rail cars each year.

*Waterways Council, Inc. is the national public policy organization advocating a modern and well-maintained national system of ports and inland waterways. The group is supported by more than 250 waterways carriers, shippers, port authorities, shipping associations and waterways advocacy groups from all regions of the country.*