My testimony is in regard to Senate Document 11, 90th Congress, 1st Session. This report was made in response to a directive contained in Public Law 89-298 which required that the Secretary of the Army, acting through the Chief of Engineers, review the requirements of local cooperation for the improvements in the St. Francis Basin, Missouri and Arkansas, with particular reference to Federal and non-Federal cost sharing.

Senate Report No. 464, 89th Congress, 1st Session, on pages 10 and 11, outlines the circumstances creating the confusion which resulted in the committee's request for a further study of local cooperation in the St. Francis Basin. Certain modifications of the St. Francis Project had been recommended in House Document 308, 88th Congress, subject to the requirement that local interests provide all right of way and relocations, hold and save the United States free from damages due to the construction and operate and maintain the works after completion. In behalf of the local interests, I had contended that the new work should be authorized with the same requirements of local cooperation as on the previously authorized work, namely, maintenance of levees.

The position I have taken has been the subject of detailed testimony given this committee in previous hearings. I have explained that House Document 308, 88th Congress, set up criteria for the application of requirements of local cooperation for the various improvements throughout the Lower Mississippi Valley recommended in that Document. The criteria provided that:

(a) no additional local cooperation should be required for minor extensions of authorized channels or levees or minor changes in structures to extend benefits to adjoining areas without involving redesign or reduction of effectiveness of the basic project; and

(b) additional local cooperation should be required for extensions of authorized channels or levees to provide benefits to large areas of land not previously benefited.

My contention is that the size of the area involved; the relation of the $13 million cost of the modifications to the $130 million cost of the remainder of the project and the fact that the entire area is within the area previously benefited by the project distinctly fit this work into criteria (a). In previous testimony I have also compared the modifications in the St. Francis Basin to modifications recommended for other tributary basins in the same report with no additional local cooperation required. These comparisons further prove that a mistake was made in the application of the criteria.

In his comments in Senate Document 11, the Chief of Engineers, upon reconsideration, has recommended that the local cooperation for the improvements for the St. Francis Basin authorized in the Flood Control Act of 1965 be modified to conform with those required for the previously authorized work.

Aside from the mis-application of the criteria used to determine local cooperation, the Chief of Engineers, at the specific direction of the committee, made a study of the relationship between Federal and Non-Federal cost sharing in the St. Francis Basin. A thorough search of the records of the various Levee and Drainage Districts revealed that local interests in the St. Francis Basin, with funds raised by direct local taxation, had expended more than $154 million on the levee and drainage system in the Basin. This information, well documented in the report, was not available at the time the 1964 report was made. Obviously, it has a great bearing on the equities of the matter since it does reflect expenditures far in excess of the amount which would be required by any current rule of cost sharing or local participation. Furthermore, the review takes into account the fact that the St. Francis Basin lies in parts of the states of Missouri and Arkansas. The design of the entire drainage system in Arkansas is affected by the burden of the water from Missouri.

With his comprehensive review of all these factors, the Chief of Engineers has very properly recommended the correction of the error made in the original report.

The Secretary of the Army and the Deputy Director of the Bureau of the Budget do not agree with the recommendations of the Chief of Engineers. They both refer to this as a reversal of the position he took in his 1964 report. They choose to ignore the history of local cooperation in the St. Francis Basin, the physical conditions which govern the design of the proposed work and the application of criteria which should have been applied uniformly in the 1964 report. I respectfully suggest to this committee that anything less than the acceptance