

**Statement of  
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Acting Commissioner  
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Before the  
Senate Energy and Water Subcommittee Hearing  
On the President's Fiscal Year 2015 Budget  
April 2, 2014**

Thank you Madame Chair, Mr. Alexander and members of this Subcommittee for the opportunity to discuss with you the President's Fiscal Year 2015 budget for the Bureau of Reclamation and the Central Utah Project Completion Act, also known as CUPCA.

I appreciate the time and consideration this Subcommittee gives to reviewing and understanding Reclamation's budget, projects, and programs. Reclamation is committed to prioritizing and defining our overall program in a manner that serves the best interest of the American public.

Our 2015 budget continues to support activities that will deliver water and generate power, consistent with applicable State and Federal law, in an environmentally responsible and cost-effective manner both now and for future generations. Overall, our goal is to promote sustainability, resiliency, and certainty for those who use and rely on water resources in the West. Success in this approach will help ensure that Reclamation is doing its part to support the basic needs of growing communities, and provide support for economic growth in the agricultural, industrial, energy and recreational sectors of the economy. The 2015 budget is consistent with the President's pledge to reduce spending and focus on deficit reduction. It allows Reclamation to fulfill its core mission and implements cost savings, whenever possible.

The budget also supports the Administration's and Department of the Interior's (Department) priorities to address America's water challenges, and major trends including the likelihood of continued constrained funding resources, population growth and new domestic needs, including energy development, increased demand and competition for supplies. Water availability and quality are a constant and increasing challenge across the Country as intensifying droughts and changing climate and hydrology exacerbate water shortages, deplete groundwater resources, and contribute to impaired water quality that all impact land, water, wildlife and tribal communities. Reclamation tackles water challenges across the American West in concert with the Department's priorities by: ensuring healthy watersheds and sustainable, secure water supplies; promoting the America's Great Outdoors initiative; supporting an all-of-the-above energy strategy; strengthening tribal nations; and engaging the next generation. The Department will continue to ensure healthy watersheds and sustainable, secure water supplies primarily through the WaterSMART — Sustain and Manage America's Resources for Tomorrow — Program with participation from both Reclamation and the U.S. Geological Survey. The WaterSMART Program provides incentives and cost-share funding for water conservation projects and facilities and collaborative mechanisms for water users and policy makers to identify pathways that contribute to water sustainability. Reclamation's budget reflects those priorities.

Reclamation's 2015 budget, including the Central Utah Project Completion Act, is \$1.0 billion. These expenditures are offset by current receipts in the Central Valley Project Restoration Fund, estimated to be \$57.0 million. The budget proposal for permanent appropriations in 2015 totals \$122.8 million. The budget also proposes the establishment of a new Indian Water Rights Settlement account and a current appropriation within the San Joaquin River Restoration Fund.

### **Water and Related Resources**

The 2015 budget for Water and Related Resources, Reclamation's principal operating account, is \$760.7 million, a decrease of \$193.4 million from 2014 Enacted levels. This decrease is due, in part, to shifting \$90.0 million to establish a separate Indian Water Rights Settlement Account, a shift of \$32.0 million to establish a separate current appropriation within the San Joaquin River Restoration Fund, and various program and project decreases including a reduction in the Central Valley Project.

The 2015 budget includes a total of \$343.5 million at the project and program level for water, energy, land, and fish and wildlife resource management and development activities. Funding in these activities provides for planning, construction, water sustainability activities, management of Reclamation lands, including recreation areas, and actions to address the impacts of Reclamation projects on fish and wildlife.

The budget also provides a total of \$417.2 million at the project level for water and power facility operations, maintenance, and rehabilitation activities. Reclamation emphasizes safe, efficient, economic, and reliable operation of facilities, ensuring systems and safety measures are in place to protect the facilities and the public. Providing adequate funding for these activities continues to be one of Reclamation's highest priorities.

### **Highlights of the 2015 Budget for Water and Related Resources**

I would like to share with the Committee several highlights of the Reclamation budget. Even in this tight fiscal climate, Reclamation's budget continues to promote and support efficient water management; increased renewable energy production; the construction of new infrastructure and sound maintenance of existing facilities; restoration of aquatic environments; and the continued use of applied science and new technologies to help ensure sustainable water deliveries and energy production. As a result, Reclamation continues to play an important role in providing a strong foundation for economic activity across the American West.

*WaterSMART Program* – One method Reclamation employs to stretch water supplies in the West and prepare for these ongoing challenges is the WaterSMART Program. The programs included in WaterSMART are collaborative in nature and work to effectively achieve sustainable water management. WaterSMART Grants, Title XVI Water Reclamation and Reuse, and the Water Conservation Field Services Program, along with other Reclamation activities, support the Department's Priority Goal for Water Conservation. The Basin Studies component of WaterSMART supports the Department's priority for Ensuring Healthy Watersheds and Sustainable, Secure Supplies.

In the 2015 budget, Reclamation proposes to fund WaterSMART at \$52.1 million. The WaterSMART components include: WaterSMART Grants funded at \$19.0 million; the Basin Study Program funded at \$3.9 million; the Title XVI Water Reclamation and Reuse Program funded at \$21.5 million; Water Conservation Field Services Program, funded at \$4.5 million; the Cooperative Watershed Management Program, funded at \$250,000; new Drought Response activities, funded at \$1.5 million, and new Resilient Infrastructure activities, funded at \$1.5 million.

*Rural Water Projects* – Congress has specifically authorized Reclamation to undertake the design and construction of six projects intended to deliver potable water supplies to specific rural communities and Tribes located in the 17 western States — primarily in Montana, New Mexico, North Dakota, and South Dakota. The 2015 Reclamation budget includes \$34.1 million for rural water projects, \$17.8 million of that total is for operation and maintenance of completed tribal systems and the remaining \$16.3 million is for continued construction for authorized projects.

*Dam Safety Program* - A total of \$82.9 million is provided for Reclamation's Safety of Dams Program, which includes \$62.0 million to correct identified safety issues. Of that amount, \$21.4 million is for work at Folsom Dam. Funding also includes \$19.8 million for safety evaluations of existing dams and \$1.1 million to oversee the Interior Department's Safety of Dams Program.

*Site Security* - A total of \$26.2 million is provided for Site Security to ensure the safety and security of the public, Reclamation's employees, and key facilities. This funding includes \$4.1 million for physical security upgrades at high risk critical assets and \$22.1 million to continue all aspects of Bureau-wide security efforts including law enforcement, risk and threat analysis, personnel security, information security, risk assessments and security-related studies, and guards and patrols.

*Powering Our Future* – To support the Powering Our Future initiative, the 2015 Reclamation budget includes \$1.2 million to optimize its hydropower projects to produce more clean, renewable energy with the same amount of water; investigate Reclamation's capability to help integrate large amounts of renewable resources such as wind and solar into the electric grid; and work with Tribes to assist them in developing renewable energy sources. These important projects will assist in the production of cleaner, more efficient renewable energy.

*Strengthening Tribal Nations* – The 2015 Reclamation budget supports the Strengthening Tribal Nations initiative through a number of activities and projects. For example, the budget includes \$8.1 million in support of Reclamation's activities with Tribes, including technical assistance, Indian Water Rights Settlement negotiations, implementation of enacted settlements, and outreach to Tribes; and \$14.1 million to continue the operation and maintenance associated with the delivery up to 85,000 acre-feet of water to the Ak-Chin Indian Community. Ongoing authorized rural water projects also benefit both tribal and non-tribal communities. Projects in the 2015 budget benefiting Tribes include the rural water component of the Pick-Sloan Missouri Basin Program, Garrison Diversion Unit; Fort Peck Reservation/Dry Prairie; and Rocky Boy's/North Central Montana; and operation and maintenance funding only for tribal features of the Mni Wiconi Project following completion of construction. Numerous other projects and programs, such as the Columbia/Snake River Salmon Recovery Program, Klamath Project, and

the Yakima River Basin Water Enhancement Project also benefit Tribes. In 2015, \$90 million for planning and construction of five recent Indian Water Rights Settlements is being proposed in a new separate account.

*Ecosystem Restoration* – In order to meet Reclamation’s mission goals of securing America’s energy resources and managing water in a sustainable manner for the 21<sup>st</sup> century, one focus of its programs must be the protection and restoration of the aquatic and riparian environments influenced by its operations. Ecosystem restoration involves a large number of activities, including Reclamation’s Endangered Species Act recovery programs, which directly address the environmental aspects of the Reclamation mission.

*America’s Great Outdoors* (AGO) fosters the intrinsic link between healthy economies and healthy landscapes to increase tourism and outdoor recreation in balance with preservation and conservation. Reclamation’s 2015 budget includes \$116.0 million within numerous project and program line items that directly supports the goals of AGO.

The 2015 budget provides \$150.6 million to operate, manage, and improve California’s Central Valley Project, including a \$32.0 million current appropriation within the San Joaquin River Restoration Fund. Overall, funding is \$28.0 million below 2014 levels. The primary factor for the decrease is a six month delay in the schedule for drainage services for the San Luis Unit as approved by the U.S. District Court. Within the CVP total, is \$16.7 million for the Trinity River Division, of which \$11.9 million and an additional \$2.0 million in the Central Valley Project Restoration Fund are for the Trinity River Restoration Program.

Many other projects and programs also contribute to ecosystem restoration including the Lower Colorado River Multi-species Conservation Program, Middle Rio Grande Endangered Species Act Collaborative Program, the Endangered Species Act Recovery Implementation Program, the Columbia/Snake River Salmon Recovery Program, Klamath Project, and the Yakima River Basin Water Enhancement Project.

*Engaging the Next Generation* – Funds proposed in the FY 2015 President’s Budget Request will expand Reclamation youth programs and partnerships to accomplish high priority projects, and promote quality participant experiences and pathways to careers. The funding for youth programs and partnerships, including the proposed 21st Century Conservation Service Corps, is included within Reclamation’s project and program line items within the various accounts.

*Climate Change Adaptation* – Consistent with the direction in the President’s 2013 Climate Action Plan, in 2015 Reclamation is developing and implementing approaches to understand, and effectively adapt to, the risks and impacts of a changing environment on western water management. Some examples include:

- The Basin Study Program takes a coordinated approach to assess risks and impacts, develop landscape-level science; communicates information and science to other entities and agencies; and works closely with stakeholders to develop adaptation strategies to cope with water supply and demand imbalances in a collaborative manner.

- The Drought Response Program will implement, under existing authorities, a comprehensive new approach to drought planning and will implement actions to help communities manage drought and develop long-term resilience strategies.
- Through the Resilient Infrastructure Program, Reclamation will proactively maintain and improve existing infrastructure for system reliability, safety, and efficiency for water conservation to prepare for extremes and to support healthy and resilient watersheds. Reclamation will develop and implement an enhanced decisionmaking criteria framework for selecting resilient infrastructure investments and will identify opportunities to integrate operational efficiencies more compatible with climate change adaptation goals, as part of the Bureau’s ongoing infrastructure investments.
- Within Reclamation’s Science and Technology Program is water resources research to improve capability for managing water resources under multiple drivers, including a changing climate. This research agenda will be collaborated and leveraged with capabilities of the Interior Climate Science Centers.
- Additionally, Reclamation’s WaterSMART Grants, Water Conservation Field Services, and Title XVI Programs are enabling the West to better adapt to the impacts of a changing environment by helping to conserve tens of thousands of acre-feet of water each year in urban and rural settings, and on both large and small scales.

### **Central Utah Project Completion Act**

Interior’s 2015 budget proposes to consolidate the CUPCA project within Reclamation while maintaining a separate account for CUPCA. This consolidation is part of broader Administration efforts to implement good government solutions, to consolidate activities when possible, and reduce duplication and overlap. The 2015 CUPCA budget is \$7.3 million of which \$1.0 million will be transferred to the Utah Reclamation Mitigation and Conservation Account for use by the Mitigation Commission. The 2015 funding will be used to provide for construction, program oversight, the Ute Tribal settlement, fish and wildlife development, and Endangered Species Act recovery.

### **Central Valley Project Restoration Fund**

The 2015 budget includes a total of \$57.0 million for the Central Valley Project Restoration Fund (CVPRF). This amount is determined on the basis of a three-year rolling average not to exceed \$50.0 million per year and indexed to 1992 price levels. These expenditures are offset by collections estimated at \$57.0 million from mitigation and restoration charges authorized by the Central Valley Project Improvement Act.

### **California Bay-Delta Restoration**

The 2015 budget provides \$37.0 million for California Bay-Delta Restoration, equal to the 2014 budget. The account focuses on the health of the Bay-Delta ecosystem and improving water management and supplies. The budget will support the coequal goals of environmental

restoration and improved water supply reliability, under the following program activities: \$1.7 million for a Renewed Federal State Partnership, \$8.0 million for Smarter Water Supply and Use, and \$27.4 million for Habitat Restoration. These program activities are based on the Interim Federal Action Plan for the California Bay-Delta issued December 22, 2009.

### **San Joaquin River Restoration Fund**

The 2015 budget funds activities consistent with the settlement of *Natural Resources Defense Council v. Rodgers* as authorized by the San Joaquin River Restoration Settlement Act. The Act includes a provision to establish the San Joaquin River Restoration Fund to implement the provisions of the Settlement. The Settlement's two primary goals are to restore and maintain fish populations, and restore and avoid adverse water impacts. Under the Settlement, the legislation provides for nearly \$2.0 million in annual appropriations from the Central Valley Project Restoration Fund for this purpose. Reclamation proposes \$32.0 million of current funds for the San Joaquin River Restoration Fund account in 2015.

### **Indian Water Rights Settlements**

In 2015, Reclamation will enhance support of tribal nations, most notably through the establishment of an Indian Water Rights Settlement account. The 2015 Budget proposes \$90.0 million for Indian Water Rights Settlements (IWRS), in a new account of the same name. Reclamation is proposing establishment of an Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects, and to highlight and enhance transparency in handling these funds. This account is proposed to cover expenses associated with the four Indian water rights settlements contained in the Claims Resolution Act of 2010 (Public Law 111-291) and the Navajo-Gallup Water Supply Project within Title X of the Omnibus Public Land Management Act of 2009 (Public Law 111-11).

Of this amount, \$9.0 million is for implementation of three water rights settlements contained in the Claims Resolution Act of 2010. These settlements will deliver clean water to the Taos Pueblo of New Mexico, the Pueblos of New Mexico named in the Aamodt case, and the Crow Tribe of Montana. The budget also includes \$81.0 million for the ongoing Navajo-Gallup Water Supply project. In 2015, funding priority was given to those settlements whose mandated completion dates would be most in jeopardy without it.

In addition, the 2015 budget for the Water and Related Resources Account contains \$22.0 million for on-going settlement operation and maintenance functions including the Ak Chin Indian Water Rights Settlement Act, San Carlos Apache Tribe Water Settlement Act, Colorado Ute Settlement Act Animas-La Plata Project, and Nez Perce/Snake River Water Rights Act which is part of the Columbia/Snake River Salmon Recovery Program.

### **Policy and Administration**

The 2015 budget for Policy and Administration, the account that finances Reclamation's central and regional management functions is \$59.5 million.

## **Permanent Appropriations**

The total permanent appropriation of \$122.8 million in 2015 primarily includes \$110.7 million for the Colorado River Dam Fund, and reflects a \$51.7 million decrease for permanent funding. 2014 is the last year for the \$60.0 million permanent appropriation for each of 3 years to Reclamation's Water Settlements Fund provided in P.L. 111-291. In 2015, the Central Utah Project Completion Act accounts are consolidated within Reclamation.

## **2015 through 2018 Priority Goal for Water Conservation**

Priority goals are a key element of the President's agenda for building a high-performing government. The priority goals demonstrate that they are a high value to the public or that they reflect achievement of key Departmental milestones. These goals focus attention on initiatives for change that have significant performance outcomes, which can be clearly evaluated, and are quantifiable and measurable in a timely manner. Reclamation's participation in the Water Conservation priority goal helps to achieve these objectives.

Reclamation will enable conservation capability for agricultural, municipal, industrial, and environmental uses in the western United States by at least 840,000 acre-feet (from 2010) through 2015, and 1,000,000 acre-feet through 2018 with the use of the WaterSMART Program to assist communities in stretching water supplies while improving water management and increasing the efficient use of water.

Moreover, Reclamation's water conservation activities address a range of other water supply needs in the West. It plays a significant role in restoring and protecting freshwater ecosystems consistent with applicable State and Federal law, enhancing management of our water infrastructure while mitigating for any harmful environmental effects, and understanding and responding to the changing nature of the West's limited water resources.

Finally, the 2015 budget demonstrates Reclamation's commitment to meeting the water and power needs of the West in a fiscally responsible manner. This budget continues Reclamation's emphasis on managing those valuable public resources. Reclamation is committed to working with its customers, States, Tribes, and other stakeholders to find ways to balance and support the mix of water resource needs in 2015 and beyond.

## **Conclusion**

This completes my statement. I would be happy to answer any questions that you may have at this time.