

Statement of Anne Castle
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Department of the Interior
Before The Subcommittee on Energy
and Water Development
Committee on Appropriations
United States Senate
On the President's Fiscal Year 2015 Budget
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Madame Chair, Mr. Alexander, and members of this Subcommittee, I am pleased to appear before you today to discuss the President's FY 2015 budget for the Department of the Interior. I would also like to thank the members of this subcommittee for your efforts to enact a 2015 appropriation, and for your ongoing support for our initiatives.

The 2015 budget request of \$11.9 billion for the Department of the Interior makes key investments to maintain vital funding for Interior's missions, in landscape-level conservation, balanced energy development, water management, engaging youth and veterans, and fulfilling commitments to American Indians, Alaska Native Tribes and Insular communities.

I will discuss the President's FY 2015 budget for the Bureau of Reclamation, the Office of the Central Utah Project Completion Act and the water-related programs of the U.S. Geological Survey. I thank the subcommittee for your continued support of these programs.

Introduction

The Department of the Interior's mission affects the lives of all Americans. Interior has stewardship of 20 percent of the Nation's lands, oversees the responsible development of over 20 percent of U.S. energy supplies, is the largest supplier and manager of water in the 17 western States, maintains relationships with 566 federally recognized Tribes, and provides services to more than two million American Indian and Alaska Native peoples. This budget enables the Department to carry out its important missions in resource stewardship, balanced development of energy and mineral resources, water management and conservation, providing opportunities to youth and veterans, resilience in the face of a changing climate, advancement of self-determination and stronger communities for tribal Nations, and fulfilling commitments to Insular communities. The Interior Department's 2015 budget maintains core capabilities to meet these responsibilities and proposes investments in key priorities.

2013 Accomplishments

Interior's programs and activities serve as economic engines in communities across the Nation, contributing an estimated \$371 billion to the economy in 2012 and supporting an estimated 2.3 million American jobs. Of this total, energy and mineral development on Interior-managed lands and offshore areas generated more than \$255 billion of this economic activity and supported 1.3 million jobs. Recreation and tourism on Interior lands contributed \$45 billion to the economies of local communities and supported nearly 372,000 jobs. Water supply, forage and timber

activities, primarily on public lands in the West, contributed more than \$50 billion and supported 365,000 jobs.

In 2013 and 2014, Interior continued to focus efforts on promoting sustainable water strategies, and improving water management through science, collaboration, and cooperation. These approaches were demonstrated through the Water Census, Reclamation Basin Studies and Cooperative Watershed Management Program projects, and through joint activities like the Urban Waters Federal Partnership and the Western Watershed Enhancement Partnership. Comprehensive basin-wide approaches such as these will be critical to assessing water needs, evaluating the availability of and risks to water supplies, mitigating those risks, and planning for the impacts of reduced availability and increasing demands in collaboration with Interior's partners.

2015 Budget and Fiscal Responsibility

The Department's \$11.9 billion 2015 budget for Interior represents a 2.4 percent increase from the 2014 enacted level which includes a cap exemption for fire emergencies. Without this exemption, Interior's budget totals \$11.7 billion, a 0.3 percent increase, or nearly level with 2014. This is a smart and balanced budget. It sustains support for essential requirements and allows for targeted increases above the 2014 enacted level. Within the overall increase for 2015, \$54.4 million covers unavoidable fixed cost increases for such things as Federal pay and rent. Reflecting the need to prioritize budget resources, this request includes \$413.3 million in proposed program reductions to offset other programmatic requirements. These tight fiscal times demand responsible budget requests that are based on strategic priorities.

Interior's 2015 budget request includes \$10.6 billion in current funding for programs under the jurisdiction of the Interior, Environment and Related Agencies Subcommittee. This is a \$104.9 million, or a one percent, increase compared to 2014. Total funding for the Department includes \$1.0 billion requested for the Bureau of Reclamation and the Central Utah Project Completion Act (CUPCA), under the jurisdiction of this Subcommittee.

Interior programs continue to generate more revenue for the American people than the Department's annual current appropriation. In 2015, Interior will generate estimated receipts of nearly \$14.9 billion, a portion of which is shared with State and local governments to meet a variety of needs, including school funding, infrastructure improvements and water conservation projects. Also, included with this request are revenue and savings legislative proposals estimated to generate more than \$2.6 billion over the next decade.

Celebrating and Enhancing America's Great Outdoors

Throughout American history, the great outdoors have shaped the Nation's character and strengthened its economy. The 2015 budget requests the resources and authorities to care for our public lands and prepare for the future. The budget strengthens the President's commitment to the America's Great Outdoors initiative and includes legislative proposals to provide full and permanent funding for the Land and Water Conservation Fund and a three year investment in advance of the 100th Anniversary of the National Park Service.

Coupled with these efforts is a historic commitment to America's natural and cultural heritage through Land and Water Conservation Fund programs. The budget includes a combined request of \$672.3 million (\$246.0 million requested as current funding and \$426.3 million as permanent funding) for Interior's LWCF programs that conserve lands and support outdoor recreation.

Reclamation continues to participate in and provide support to the Desert and Southern Rockies Landscape Conservation Cooperatives. These LCCs are partnerships between Interior and other Federal agencies, States, Tribes, non-governmental organizations, and other stakeholders, to bring together science and sustainable resource conservation activities to develop science-based solutions to on-the-ground challenges from a changing environment within an ecological region or "landscape." The LCCs leverage the resources and expertise of the partners and work across jurisdictional barriers to focus on natural resource issues specific to a particular ecosystem or landscape. Reclamation's 2015 budget includes \$116.0 million in numerous projects and programs for river restoration that directly supports the goals of AGO.

Engaging the Next Generation

The 2015 budget supports a vision to inspire millions of young people to play, learn, serve and work outdoors by expanding volunteer and work opportunities for youth and veterans. The budget proposes \$50.6 million for Interior youth programs in the Bureau of Land Management, U.S. Geological Survey, Fish and Wildlife Service, National Park Service, Bureau of Indian Affairs and the Bureau of Reclamation, a collective \$13.6 million or 37 percent increase from 2014.

A key component of the Department's efforts will be partnering with youth organizations through the 21st Century Conservation Service Corps. The proposed funding includes an increase of \$8.0 million to expand opportunities for youth education and employment opportunities.

Ensuring Healthy Watersheds and Sustainable, Secure Water Supplies

The 2015 budget addresses the Nation's water challenges through investments in water conservation, sustainability, and infrastructure critical to the arid Western United States and its fragile ecosystems.

The budget includes \$66.5 million for WaterSMART programs in Reclamation and the U.S. Geological Survey, nearly a 17 percent increase from 2014, to assist communities in stretching water supplies and improving water management. This funding supports the Department's goal to increase by 840,000 acre-feet, the available water supply for agricultural, municipal, industrial, and environmental uses in the Western United States through water-conservation programs by the end of 2015. The budget includes \$3.9 million for Reclamation's Basin Studies program. The Basin Studies program is a collaborative tool Interior has available for facilitating sustainable water supplies and improving water management decision-making. Basin studies in particular watersheds are conducted through a partnership between Reclamation and State and local stakeholders. A study will assess projected future water supplies and demands and the

ability of existing infrastructure to address any imbalances. The study will then work with interested parties to develop adaptation strategies to cope with identified imbalances on a collaborative basis.

In addition to \$1 billion requested for the Bureau of Reclamation within the jurisdiction of the Energy and Water Subcommittee, the budget also requests \$210.4 million for the U.S. Geological Survey's water programs to provide scientific monitoring, research, and tools to support water management across the Nation.

Drought

The drought in California and other Western States underscores the importance of improving the resilience of communities to the effects of climate change. The President's Opportunity, Growth, and Security Initiative includes a \$1 billion government-wide Climate Resilience Fund to invest in developing more resilient communities, and finding solutions to climate challenges through technology development and applied research. Part of this proposal would be executed by Reclamation including research and breakthrough technologies.

In California, the Departments of the Interior, Agriculture, and Commerce are working with the State to accelerate water transfers and exchanges, provide operational flexibility to store and convey water, and expedite review and compliance actions, to help stretch California's water supplies.

Reclamation finalized its 2014 Plan for the Central Valley Project which outlines actions that can be taken in the near-term to manage on-going water supply challenges such as expanding operational flexibility and streamlining the water transfer process. Federal and State officials are also discussing a collaborative response to the drought to minimize its social, economic, and environmental impacts.

Reclamation and the Natural Resources Conservation Service (NRCS) are working to leverage Federal funds for water delivery agencies and agricultural producers. In 2014, they will jointly provide up to \$14.0 million in funding, \$7.0 million from Reclamation and \$7.0 million from NRCS, for water districts and associated growers to promote conservation of water and improve water management. The projects funded through this partnership will help communities build resilience to drought by modernizing their water infrastructure and efficiently using scarce water resources while continuing to support the agricultural economy. We've also identified \$3 million in WaterSMART funding to support specific drought response measures and projects to create drought resilient infrastructure.

Powering Our Future

The 2015 budget advances the President's energy objectives by encouraging smart and safe domestic renewable and conventional energy development in concert with conservation objectives and improved protections for Americans and their cultural and natural heritage. The budget includes \$94.8 million for renewable energy activities and a total of \$658.4 million for current, fee-based, and permanent funded conventional energy programs. In executing these

programs, the Department is working to take a landscape level approach, modernizing programs and practices, improving transparency, streamlining permitting, and strengthening inspection and enforcement of on and offshore development.

Hydropower

Hydropower is a very clean and efficient way to produce energy and is a renewable resource. Each kilowatt-hour of hydroelectricity is produced at an efficiency of more than twice that of any other energy source. Further, hydropower is very flexible and reliable when compared to other forms of generation. Reclamation has nearly 500 dams and 10,000 miles of canals and owns 76 hydropower plants, 53 of which are operated and maintained by Reclamation. On an annual basis, these plants produce an average of 40 billion kilowatt hours of electricity, enough to meet the entire electricity needs of over 3.5 million households on average.

Reclamation and FERC are parties to a Memorandum of Understanding, signed in 1992, that addresses the establishment of processes for early resolution of issues related to the timely development of non-Federal hydroelectric power at Bureau of Reclamation facilities. Reclamation and FERC recently met to discuss how to improve the timeliness of the processes developed in that MOU and resolution of authority issues.

The Department signed a Memorandum of Understanding with the Department of Energy and U.S. Army Corps of Engineers in 2010 to increase collaboration between those agencies and strengthen the long-term relationship among them to prioritize the generation and development of sustainable hydropower. This Administration is committed to increasing the generation of environmentally sustainable, affordable hydropower on existing dams and conduits for our national electricity supplies in as efficient a manner as possible. Activities under this MOU have been ongoing, and have resulted in accomplishments such as assessments of potential hydropower resources on Federal and non-Federal lands, a collaborative basin-scale pilot project in Oregon, and grant opportunities for research and development of new technologies. An example of its on-going efforts to maximize potential generation at existing Federal facilities, Reclamation has assessed the potential for developing hydropower at existing Reclamation facilities and by utilizing low-head hydroelectric generating capacity on Reclamation-owned canals and conduits.

To support the Powering Our Future initiative, the 2015 Reclamation budget includes \$1.2 million to optimize its hydropower projects to produce more energy with the same amount of water; investigate Reclamation's capability to 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 - Indian Water Settlements

The Department has a unique responsibility to American Indians and Alaska Natives. The 2015 budget invests in: advancing nation-to-nation relationships and tribal self-determination,

supporting and protecting Indian families and communities, sustainable stewardship of energy and natural resources, and improving education in Indian Country.

Interior's investments in Indian water settlements total \$171.9 million in Reclamation and Indian Affairs, for technical and legal support for water settlements. This includes \$147.6 million to bring reliable and potable water to Indian communities, more than a 9 percent increase from 2014, with \$112.0 million in the Bureau of Reclamation and \$35.7 million in the Bureau of Indian Affairs to implement land and water settlements. Among the investments is \$81.0 million for the ongoing Navajo-Gallup Water Supply Project, which, when completed, will have the capacity to deliver clean running water to a potential future population of approximately 250,000 people.

The Claims Resolution Act of 2010 settled the Cobell lawsuit and four settlements that will provide permanent water supplies and economic security for the Taos Pueblo of New Mexico and Pueblos of New Mexico named in the Aamodt case, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona. The agreements will enable construction and improvement of reservation water systems, irrigation projects, a regional multi-pueblo water system, and codify water-sharing arrangements between Indian and neighboring communities. The primary responsibility for constructing water systems associated with the settlements was given to Reclamation; and BIA is responsible for the majority of the trust funds.

Reclamation is budgeting \$90.0 million in 2015 for the continued implementation of these four settlements, including the \$81.0 million for the Navajo-Gallup Water Supply project. Reclamation is proposing the establishment of an Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects and to highlight and enhance transparency.

Central Utah Project

The Central Utah Project Completion Act (CUPCA), Titles II - VI of P.L. 102-575, provides for completion of the Central Utah Project (CUP) by the Central Utah Water Conservancy District (District). The Act also authorizes funding for fish, wildlife, and recreation mitigation and conservation; establishes an account in the Treasury for deposit of these funds and other contributions; establishes the Utah Reclamation Mitigation and Conservation Commission to coordinate mitigation and conservation activities; and provides for the Ute Indian Rights Settlement.

The 2015 budget proposes to reconsolidate the CUPCA Office and program into the Bureau of Reclamation. This consolidation is part of broader Administration efforts to implement good government solutions to consolidate and streamline activities. The CUP is the only water project within the Department of the Interior not managed by Reclamation. The proposed merger would correct that anomaly, ensuring that these projects receive equal and consistent consideration and treatment. Concerns that prompted the enactment of CUPCA about Reclamation's previous management and operation of the CUP have been addressed within Reclamation and corrected. The 2015 CUPCA budget is \$7.3 million. Of this amount, \$1.0 million will be transferred to the Utah Reclamation Mitigation and Conservation Account for use by the Utah Reclamation

Mitigation and Conservation Commission (Mitigation Commission). We propose to maintain both the Central Utah Project Completion and the Utah Reclamation Mitigation and Conservation Accounts for CUPCA appropriations after the proposed consolidation of the CUPCA Office into Reclamation in order to enhance transparency.

Conclusion

Thank you for the opportunity to testify on behalf of the President's 2015 budget for the Department of the Interior and the Bureau of Reclamation. I want to reiterate my appreciation for the long-standing support of this Subcommittee. This budget has fiscal discipline and restraint, but it also includes forward looking investments. We have a tremendous opportunity to improve the future for all generations with wise investments in healthy lands, clean waters and expanded energy options.

I look forward to working with you to implement this budget. This concludes my testimony. I am happy to answer any questions that you may have.