

**STATEMENT OF DEANNA ARCHULETA
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WATER AND SCIENCE
DEPARTMENT OF THE INTERIOR
BEFORE THE SUBCOMMITTEE ON ENERGY
AND WATER DEVELOPMENT
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
ON THE PRESIDENT'S FISCAL YEAR 2010 BUDGET REQUEST
JUNE 18, 2009**

Mr. Chairman, Mr. Bennett, and members of this Subcommittee, I am pleased to appear before this Subcommittee today to discuss the President's FY 2010 budget for the Department of the Interior and to update you on progress in implementing our FY 2009 programs.

The Department of the Interior's mission is complex and multifaceted. Our programs and mission stretch from the North Pole to the South Pole and across twelve time zones, from the Caribbean to the Pacific Rim. Our extensive mandate rivals any government agency in its breadth and diversity – and its importance to the everyday lives of Americans.

Interior manages 500 million acres or about one in every five acres in the United States, including 391 national park units, 550 wildlife refuges, the 27 million-acre National Landscape Conservation System, and other public lands. These places are treasured landscapes and serve as economic engines for tourism and growth opportunities for recreation, wildlife conservation, and responsible resource use.

The Department's public lands and 1.7 billion acres on the Outer Continental Shelf supply nearly one-third of the nation's domestic energy production. These resources are vital to the Nation's energy security and provide economic returns to the Nation. In FY 2010, an estimated \$14.0 billion in revenues will be generated from these lands and waters.

The Department fulfills its special responsibilities to Native Americans managing one of the largest land trusts in the world including over 56 million acres held in trust for Indian Tribes and individual Indians, over \$3.4 billion of funds held in over 2,700 tribal trust accounts, and over 380,000 open individual Indian Money accounts. The Bureau of Indian Education school system provides services to

approximately 42,000 students in 23 States attending 183 elementary and secondary schools and supports 30 tribally controlled community colleges, universities, and post-secondary schools.

The First One-Hundred Days

Recently, President Obama and Secretary Salazar marked their first one hundred and forty days in office. It has been an exciting time as Secretary Salazar has begun to change how the Department of the Interior does business. He has already implemented changes to improve accountability, transparency, and ethical reform; established a vision for a new energy frontier that will help to produce and transmit renewable energy from our public lands; set an agenda for protecting America's open spaces and treasured landscapes with stewardship based on sound science; began strengthening the government-to-government relationship with Indian Tribes; announced a new 21st Century Youth Conservation Corps; and implemented the President's economic recovery plan.

The Department has released detailed implementation plans for \$3 billion appropriated in the American Recovery and Reinvestment Act that could significantly improve the safety and energy efficiency of our facilities; the reliability of our water infrastructure; and habitat for wildlife including endangered species.

Thanks to your support, the Recovery Act provided \$1 billion for the programs funded by this Subcommittee.

The Department, Reclamation and the Central Utah Project Completion Act program are moving expeditiously with our customers to invest funds appropriated by the Recovery Act in projects which will quickly provide jobs and stimulate the economy. As Secretary Salazar announced on April 15, \$945.2 million is being devoted to Reclamation recovery projects in six program investments areas:

- Meeting Future Water Supply Needs \$450.9 Million
- Infrastructure Reliability and Safety \$164.5 Million
- Environmental/Ecosystem Restoration \$236.3 Million
- Green Buildings \$ 13.5 Million
- Water Conservation Initiative (Challenge Grants) \$ 40.0 Million
- Emergency Drought Relief \$ 40.0 Million

As permitted by the Recovery Act, \$50.0 million is being transferred to the Department's Central Utah Project Completion Act for work that includes continuing construction of both the Spanish Fork Canyon Pipeline and the Spanish Fork – Provo Reservoir Canal Pipeline, as well as the construction of the Big Springs Fish Hatchery for the Ute Indian Tribe. Finally, as permitted by the statute, \$4.8 million is being set aside for management and oversight.

Overview of the FY 2010 Budget

The FY 2010 Interior budget request for current appropriations is \$12.1 billion, \$802.0 million or 7.1 percent above the level enacted by Congress for FY 2009. This comparison excludes \$3 billion enacted in the Recovery Act. Permanent funding that becomes available as a result of existing legislation, without further action by the Congress, will provide an additional \$6.1 billion, providing a total of \$18.2 billion for Interior in FY 2010.

The request for the Bureau of Reclamation and the Central Utah Project Completion Act, funded under the jurisdiction of this subcommittee, is \$1.2 billion for net discretionary funding. This is a decrease of \$37.4 million below the level enacted for FY 2009. This comparison excludes \$1 billion in enacted Recovery Act funding. The FY 2010 Reclamation discretionary budget request is \$985.6 million in current appropriations and the request for the Central Utah Project is \$42.0 million, the same as FY 2009 enacted. The decreases in Reclamation are primarily in Title XVI and rural water, areas that received significant increases through the Recovery Act (\$135 million for Title XVI and \$200 million for rural water projects) and through earmarks in FY 2009. These decreases are also somewhat offset by FY 2010 increases for the new Water Conservation Initiative, the dam safety program, the Central Valley Project, and increases in several other programs.

Tackling Climate Impacts

There is an overwhelming need to tackle climate change impacts. With lands that range from the Arctic to the Everglades, Interior's managers expect to observe the sometimes dramatic effects of a changing climate, including thawing permafrost and melting glaciers, changes in precipitation patterns, and sea level rise. In this dynamic context, Interior managers need information, tools, and resources to measure, understand, and respond to on-the-ground impacts. As the largest land manager in the Nation, Interior is positioned to pioneer adaptive management approaches to address the effects of climate change.

Water Conservation Initiative

A key aspect of climate impacts, particularly in the West, is increased variability of water supplies. The request includes funding for a comprehensive water conservation program focused on expanding and stretching limited water supplies in the West to reduce conflict, facilitate solutions to complex water issues, and meet the growing needs of expanding municipalities, the environment, and agriculture.

The Department of the Interior has an important role to play in providing leadership and assistance to States, tribes, and local communities to address these competing demands for water. In FY 2010, Reclamation is proposing a Water Conservation Initiative (WCI), at \$46 million, which will take a significant step toward addressing western water issues through three ongoing programs. The WCI includes: 1) an expanded Water Conservation Challenge Grant Program (increased by \$26 million over FY 2009), 2) Reclamation's Basin Study Program and 3) the Title XVI Water Reclamation and Reuse Program. Through these programs, Reclamation will provide competitive grants for water marketing and conservation projects, and basin-wide planning studies that will provide projections of future water supply and demand on a basin-wide scale and address the impacts of climate change and drought.

The Bureau of Reclamation's FY 2010 net discretionary budget request of \$1.0 billion is offset by \$35.1 million in funds from the Central Valley Project Restoration Fund. This request supports Reclamation's mission of managing, developing, and protecting water and related resources in an environmentally and economically sound manner in the interest of the American people. The budget emphasizes reliable water delivery and power generation by requesting more than \$427.2 million to fund operation, maintenance, and rehabilitation activities at Reclamation facilities.

To address important infrastructure funding needs, the budget includes an increase of \$13.6 million for the Bureau of Reclamation's Safety of Dams program. This will allow the Bureau to address corrective actions at Folsom Dam and other high priority projects.

Reclamation is currently developing programmatic criteria for a Rural Water Program as required under the Reclamation Rural Water Supply Act of 2006. Reclamation expects to begin appraisal level studies in FY 2009. The FY 2010

budget includes \$64.0 million for seven ongoing authorized rural water projects. Within this, \$48.7 million supports the Administration's commitment to complete seven ongoing authorized rural water projects including ongoing municipal, rural and industrial systems for the Pick Sloan-Missouri Basin Program – Garrison Diversion Unit in North Dakota; the Mni Wiconi and Perkins County in South Dakota, Lewis and Clark in South Dakota, Iowa, and Minnesota; Ft. Peck and North Central Mountain/Rocky Boys in Montana; and Jicarilla in New Mexico. Funding for the required operations and maintenance component of rural water projects is \$15.3 million for FY 2010. For the construction component, Reclamation allocated funding based on objective criteria that gave priority to projects nearest to completion and projects that serve tribal needs.

The \$54.2 million budget for Animas-La Plata provides for directional drilling and pipeline construction on the Navajo Nation Municipal Pipeline, the first fill of Lake Nighthorse and construction of County Road 211 relocation will continue.

The Bureau will complete removal of the Savage Rapids Dam in FY 2010. The budget includes \$23.7 million for the Middle Rio Grande project to continue to focus on the protection and recovery of the silvery minnow and southwestern willow flycatcher.

The FY 2010 request includes \$2.0 million for the Bureau of Reclamation and \$2.0 million for the U.S. Fish and Wildlife Service to further assess the costs and benefits of removing PacifiCorp's four dams on the Lower Klamath River. These studies will be conducted by Reclamation and FWS in coordination with BLM, BIA, the U.S. Forest Service, and the National Oceanic and Atmospheric Administration's National Marine Fisheries Service. The results of the study will be used by the Federal government to determine if the potential benefits outweigh the costs of dam removal. Consideration will be given to the liabilities, environmental risks, and effects on downstream resources resulting from dam removal.

The budget request for CALFED is \$31.0 million, continuing implementation of priority activities that will resolve water conflicts in the Bay-Delta of California. Funds will be used for water storage, the conveyance program, water recycling and conservation, the science program, water quality assurance investigations, ecosystem restoration projects, and the oversight function to ensure program balance and integration.

Pick Sloan Legislative Proposal (Bureau of Reclamation)

The FY 2010 budget request for Reclamation is accompanied by a proposal that will affect receipt levels in FY 2010 and in future years. This proposal will be transmitted separately from the budget for consideration by Congressional authorizing committees. The proposal is for a reallocation of the repayment of capital costs for the Pick-Sloan Missouri Basin program.

Conclusion

Thank you for the opportunity to testify on behalf of the President's FY 2010 budget request for the Department of the Interior. I want to reiterate my appreciation for the long-standing support of this Subcommittee. Our FY 2010 budget will – in its entirety – make a dramatic difference for the American people. We have a tremendous opportunity to improve the future for our children and grandchildren with wise investments in clean energy, climate impacts, treasured landscapes, our youth, and the empowerment of Native Americans. This concludes my overview of the FY 2010 budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.