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United States Department of the Interior

BUREAU OF RECLAMATION
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**Statement of Brenda Burman, Commissioner
U.S. Bureau of Reclamation
Before the
Subcommittee on Energy and Water Development, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
on the President's Fiscal Year 2019 Budget
March 14th, 2018**

Thank you, Chairman Simpson, Ranking Member Kaptur, and members of the Subcommittee for the opportunity to discuss with you the President's Fiscal Year (FY) 2019 Budget for the Bureau of Reclamation. I am Brenda Burman, Commissioner of the Bureau of Reclamation.

The Bureau of Reclamation's fiscal year (FY) 2019 Budget provides the foundation for Reclamation's efforts to deliver water and generate hydropower, consistent with applicable State and Federal law, in a cost-effective and environmentally responsible manner in the interest of the American public. It also supports the Administration's and Department of the Interior's (Department) goals of ensuring the efficient generation of energy to meet our economic needs; provision of secure water supplies for irrigation, people, and the environment; ensuring outdoor recreation opportunities; and fulfilling our commitments to tribal nations. To be successful in achieving these results, Reclamation will continue to work with a wide range of stakeholders, including water and power customers, Tribes, state and local officials, conservation organizations, and others.

This budget focuses on meeting the Department's priorities, including that of ensuring that the Nation's natural resources we steward are used for multiple purposes. Working with States, Tribes, customers, and local entities, Reclamation will maintain secure and reliable water supplies and power generation and fulfill Indian water rights obligations, while meeting our environmental responsibilities.

Reclamation plans to focus on opportunities to increase water resources and supply reliability by expanding cost-effective water storage opportunities, paying attention to local water conflicts, making investments in modernizing existing infrastructure, and providing support for water development benefiting Native Americans in order to meet Reclamation's core mission goals.

The 2019 budget prioritizes funding where it most effectively implements Reclamation's management responsibilities for providing water and generating power in the West with a priority on water reliability, efficient energy generation, recreation, and conservation. As the nation's largest producer of hydroelectric power, Reclamation's projects and programs constitute an important driver of economic growth. Modernizing hydropower infrastructure to improve generation efficiency and reliability and improve cost effectiveness is a high priority. Many

Reclamation projects provide multi-purpose water resource development benefits, including recreation. Reclamation's recreation areas represent some of the most popular areas for water-based outdoor recreation activities in the nation. Theodore Roosevelt, sometimes referred to as the "conservationist president", established a legacy through land and wildlife conservation. By endorsing those principles, Reclamation will strive to ensure future water delivery and power generation through the responsible use and conservation of its resources.

Reclamation is requesting a gross total of \$1,049,025 in Federal appropriations, which is anticipated to be augmented by over \$800 million in other Federal and non-Federal funds for FY 2019. Of the total, \$891,017,000 is for the Water and Related Resources account, which is Reclamation's largest account, \$61,000,000 is for the Policy and Administration account, and \$35,000,000 is for the California Bay Delta account. A total of \$62,008,000 is budgeted for the Central Valley Project Restoration Fund, to be offset by expected discretionary receipts in the same amount. We will continue to seek to optimize non-Federal contributions to accomplish more with limited federal dollars.

Reclamation's budget includes a substantial request for Indian water rights settlements, continuing the high prioritization of this program to meet trust and treaty obligations. The FY 2019 Budget includes second year funding to support the Blackfeet Water Rights Settlement, which was authorized by Water Infrastructure Improvements for the Nation Act (Public Law 114-322) (WIIN) in December 2016. The WIIN Act requires full funding for the Blackfeet Settlement by the enforcement date of January 21, 2025. The FY 2019 Budget also continues funding to keep implementation of other water settlements on track. These include the Navajo-Gallup Water Supply Project as part of the Navajo-San Juan settlement and the Aamodt Litigation, Crow, Ak-Chin, San Carlos Apache, Colorado Ute, and Nez Perce settlements.

Reclamation's mission is to manage, develop, and protect water and related resources in an economically and environmentally sound manner in the interest of the American public. As a result, it has designed the infrastructure it manages to account for significant variability in hydrology and other weather conditions from year to year. The robustness of the water system has been tested in recent years through extreme droughts as well as floods. During the winter of 2017, above average precipitation in much of the Western United States improved water supplies after many years of drought. But the long-term impacts from droughts, such as those in the Colorado River Basin, are not recovered in a single wet year. Many portions of the West remain abnormally dry or in moderate to extreme drought according to the most recent U.S. Drought Monitor. Reclamation must ensure that its infrastructure is sized and maintained appropriately to handle wet periods and floods to cost-effectively capture water supplies for drier times. The investments described in Reclamation's FY 2019 budget will further these efforts so that Reclamation can continue to provide reliable water and power to the American West.

Reclamation's dams and reservoirs, water conveyances systems, and power generating facilities are integral components of the Nation's infrastructure. Effectively managing the benefits provided by these structures are among the many significant challenges that Reclamation faces that extend over the next five years and beyond in its ability to achieve progress on its mission objectives. Changing demographics and competing demands are increasingly impacting already strained systems. Reclamation's water and power projects and activities throughout the western United States are not only foundational for essential and safe water supplies for both agricultural, municipal and industrial purposes, but also provide energy in the form of hydropower, and

maintain ecosystems that support fish and wildlife, hunting and recreation, as well as rural economies.

This budget addresses priorities by allocating funds based on objective and performance-based criteria to most effectively implement Reclamation's programs and its management responsibilities for its water and power infrastructure in the West. Water management, improving and modernizing infrastructure, using sound science to support critical decision-making, finding opportunities to expand capacity, reducing conflict, and meeting environmental responsibilities were all addressed in the formulation of the FY 2019 budget. Reclamation continues to use appropriated resources to address challenges faced in water resources management and to improve the way it does business. Additionally, to help address these needs, in FY 2019 and beyond, Reclamation will continue to explore alternative types of financing, to include all forms of public-public and public-private partnerships, and non-federal cost-sharing.

As the largest supplier and manager of water in the nation and the second largest producer of hydroelectric power, Reclamation's projects and programs are foundational to driving and maintaining economic growth in hundreds of watershed basins throughout the United States. Reclamation manages water for agricultural, municipal and industrial use, and provides flood control and recreation for millions of people. According to the FY 2016 Department of the Interior Economic Report FY 2016, Reclamation's activities, including recreation benefits, provide an economic contribution of \$48.1 billion, and support approximately 388,000 jobs.

Reclamation operates 53 hydroelectric power plants that account for 15 percent of the hydroelectric capacity and generation in the United States. Annually, Reclamation generates on average 37 billion kilowatt hours of electricity, enough to meet the annual needs of over 3.5 million households, and collects over \$1.0 billion in gross power revenues for the Federal government.

Department Wide Reorganization Plan

The Department of the Interior is taking bold steps to better position itself for the next 100 years. In response to President Trump's Executive Order on a Comprehensive Plan for Reorganizing the Executive Branch, Secretary Zinke laid out a vision for a reorganized Department of the Interior which aligns regional boundaries within Interior to provide better coordination across the Department to improve mission delivery and focuses resources in the field. Across the Department, the 2019 budget includes a total of \$17.5 million to start this effort. The Reclamation budget includes \$3.4 million to support the Department's migration to common regional boundaries to improve service and efficiency and to ensure that Reclamation staff are in positions where they can most effectively carryout Reclamation's mission and serve the American public.

Account Level Details

The FY 2019 budget allocates funds to projects and programs based on objective, performance-based criteria to most effectively implement Reclamation's programs and its management responsibilities for its water and power infrastructure in the West.

The FY 2019 budget emphasizes the following principles:

- 1) *Shared Responsibility* - Securing non-Federal cost-share partners to meet project or program funding needs, and leverage funding through these collaborative partnerships.
- 2) *Merit-Based Funding* - Utilizing competitive processes for the awarding of grants, contracts, or other government services based on published criteria that reflect Departmental and Administrative priorities. The selection of awards is, wherever possible, guided by high quality evidenced based research and performance measures.
- 3) *Core Mission in Framework of Department of the Interior Priorities* - Performing the core management responsibilities of providing water and power in alignment with Department priorities and the goals in the Strategic Plan of 2018-2022.

The FY 2019 budget for Reclamation totals \$1.049 billion in gross budget authority. The budget is partially offset by discretionary receipts in the Central Valley Project Restoration Fund (\$62 million) resulting in net discretionary budget authority of \$987 million.

Water and Related Resources - \$891,071,000

The FY 2019 Water and Related Resources budget provides funding for five major program activities – Water and Energy Management and Development (\$252.9 million), Land Management and Development (\$44.3 million), Fish and Wildlife Management and Development (\$149.7 million), Facility Operations (\$295.8 million), and Facility Maintenance and Rehabilitation (\$148.3 million). The funding proposed in Reclamation’s FY 2019 Budget supports key programs important to the Department and in line with Administration objectives.

By far, the greatest portion of Reclamation’s Water and Related Resources budget is dedicated to our core mission—managing water resources. This is accomplished within over 300 Congressionally authorized projects, each of which has its own authorization. Ensuring a safe and sound infrastructure plays a critical role in this mission delivery. In order to modernize our infrastructure, over \$88 million is requested for the Dam Safety program, an additional \$45 million is requested to address extraordinary maintenance items, and over \$26 million is requested for site security to protect our infrastructure investments.

Reclamation’s efforts to support water supplies for tribal nations are long standing and include certain rural water projects and implementation of water rights settlement actions. Funding to support tribal nations is included within a number of projects. For example, the Ak Chin Water Rights Settlement Act Project budget of \$16.2 million facilitates delivery of Colorado River water through the Central Arizona Project to 16,000 acres of irrigated lands on the Ak-Chin Indian Reservation. The FY 2019 budget continues the implementation of the Blackfeet Indian Water Rights Settlement enacted in December 2016, two settlements enacted in December 2010 (Crow and the Aamodt Litigation) and the 2009 authorized Navajo-Gallup Water Supply. Additionally, the Columbia/Snake River Salmon Recovery; Animas-La Plata, San Carlos, Klamath, Trinity River Restoration Program within the Central Valley Project, Yakima River Basin Water Enhancement Project, and three of the five authorized rural water projects (discussed below) benefit tribal nations.

The Native American Affairs Program budget of \$10.6 million continues support for Reclamation activities with Indian Tribes. These activities include providing technical support for Indian water rights settlements, and to assist tribal governments to develop, manage and protect their water and related resources. The office also provides policy guidance for Reclamation's work with Tribes throughout the organization in such areas as the Indian trust responsibility, government-to-government consultation, and Indian self-governance and self-determination.

More generally, Reclamation's budget supports its role in implementing Indian water rights settlements; this includes \$6.3 million to improve coordination and application of expertise to analyze Indian water settlements more effectively and expediently to strengthen Department-wide capabilities in the Secretary's Indian Water Rights Office, and achieve an integrated and systematic approach to Indian water rights negotiations.

Reclamation has identified several key areas for investment where coordination with other Department bureaus will leverage results to more effectively achieve mission outcomes. Reclamation's FY 2019 budget for research and development (R&D) programs include both Science and Technology, and Desalination and Water Purification—both of which focus on Reclamation's mission of water and power deliveries.

The Science and Technology program supports engineering innovation that promotes economic growth, supports maintaining and improving our water and power infrastructure, and spurs continued generation of energy. Program outcomes also enable reliable water and power delivery to our customers, improve safety, limit the impacts of invasive species, and ensure that Reclamation can meet its environmental compliance responsibilities. These activities support the Administration's priorities for the FY 2019 Budget, including job creation by supporting technology transfer activities that may lead to new business opportunities for private industry. The program also supports Administration priorities related to maintaining and improving our water and power infrastructure by partnering with the U.S. Army Corps of Engineers to foster research projects to develop technologies that extend the operating life and reduce maintenance costs of Reclamation's structures. The Administration priority related to energy from all sources is supported by hydropower research that ensures that Reclamation is maximizing reliability, reducing maintenance costs, and exploring new energy development opportunities. Research on safety is ensuring our workers can perform their jobs safely and securely.

The Desalination and Water Purification program priorities include development of improved and innovative methods of desalination and reducing costs to develop new water supplies. The research and testing funded out of this program supports the Administration's priorities for the FY 2019 Budget—including job creation—by supporting innovative new solutions that spur the creation of new businesses by entrepreneurs and by advancing Reclamation's competitive edge in the area of water treatment and desalination.

Reclamation's mission to ensure continued water delivery and power generation cannot be accomplished without meeting our legal environmental responsibilities. Reclamation meets these responsibilities on its individual projects through a large number of activities, including Reclamation's Endangered Species Act recovery programs, and other programs that contribute towards these efforts, such as the Columbia/Snake River Salmon Recovery Program, the Middle Rio Grande Project Collaborative Program, the San Juan River Recovery Implementation Program, the Upper Colorado Recovery Implementation Program, and the Multi-Species

Conservation Program within the Lower Colorado River Operations Program, among many others.

Among other efforts, Reclamation helps address the West's water challenges through the WaterSMART competitive grant program. This program helps local water stakeholders address current and future water shortages, including drought; degraded water quality; increased demands for water and energy from growing populations; environmental water requirements; and the potential for decreased water supply availability due to drought, population growth, and increased water requirements for environmental purposes.

Central Valley Project Restoration Fund (CVPRF) - \$62,008,000

This fund was established by the Central Valley Project Improvement Act, Title XXXIV of P.L. 102-575, October 30, 1992. The budget of \$62.0 million is expected to be offset fully by discretionary receipts to the maximum extent possible based on what can be collected from project beneficiaries under provisions of Section 3407(d) of the Act. The discretionary receipts are adjusted on an annual basis to maintain payments totaling \$30.0 million (October 1992 price levels) on a three-year rolling average basis. The budget of \$62.0 million for the CVPRF was developed after considering the effects of the San Joaquin River Restoration Settlement Act (P.L. 111-11, March 30, 2009), which redirects certain fees, estimated at \$2.0 million in FY 2019, collected from the Friant Division water users to the San Joaquin Restoration Fund.

California Bay-Delta Restoration Fund - \$35,000,000

The CALFED Bay-Delta Restoration Act (P.L. 108-361), as amended, authorized multiple federal agencies to participate in the implementation of the CALFED Bay-Delta Program as outlined in the August 28, 2000, Record of Decision (ROD) for the CALFED Bay-Delta Program Programmatic Environmental Impact Statement and Environmental Impact Report. The legislation directed the implementing agencies to undertake a set of broadly described programmatic actions identified in the ROD to the extent authorized under existing law. In addition, the Act authorized \$389.0 million in Federal appropriations for new and expanded authorities. The Water Infrastructure Improvement for the Nation Act (P.L. 114-322) dated December 16, 2016 reauthorized the CALFED Bay Delta Authorization Act through FY 2019.

The FY 2019 Budget of \$35.0 million implements priority activities pursuant to P.L. 108-361. Six Federal agencies – the Department of the Interior, Department of Commerce, Department of Agriculture, Department of the Army, Environmental Protection Agency, and the Council on Environmental Quality — work together to ensure that the Federal actions and investments the Administration is undertaking are coordinated in a fashion to help address California's current water supply and ecological challenges.

Policy and Administration - \$61,000,000

The \$61.0 million budget will be used to: 1) develop, evaluate, and directly implement Reclamation-wide policy, rules, and regulations, including actions under the Government Performance and Results Act; and 2) manage and perform functions that are not properly chargeable to specific projects or program activities covered by separate funding authority.

This completes my statement. I would be happy to answer any questions.