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United States Department of the Interior

BUREAU OF RECLAMATION
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**Statement of David Palumbo, Acting Commissioner
U.S. Bureau of Reclamation
Before the
Subcommittee on Energy and Water Development
Committee on Appropriations
U.S. House of Representatives
on the President's Fiscal Year 2023 Budget
April 27, 2022**

Thank you, Chairwoman Kaptur, Ranking Member Simpson, and members of the Subcommittee for the opportunity to discuss with you the President's Fiscal Year (FY) 2023 Budget for the Bureau of Reclamation. I am David Palumbo, Acting Commissioner for the Bureau of Reclamation.

The Bureau of Reclamation is the largest supplier and manager of water and the second largest producer of hydroelectric power in the Nation. Reclamation manages water for agriculture, municipal and industrial use, the environment, and provides flood control and recreation for millions of people. Reclamation's activities, including recreation benefits, support economic activity valued at \$66.6 billion, and support approximately 472,000 jobs. Reclamation delivers 10 trillion gallons of water to more than 31 million people each year and provides water for irrigation of 10 million farmland acres, which yields approximately 25 percent of the Nation's fruit and nut crops, and 60 percent of the vegetable harvest.

Reclamation's fundamental mission and programs – modernizing and maintaining infrastructure, conserving natural resources, using science and research to inform decision-making, serving underserved populations, and staying as nimble as possible in response to the requirements of drought and a changing climate – position it as an exemplar for the Biden-Harris Administration's core tenets. The Bureau of Reclamation's FY 2023 budget provides the foundation to meet our mission, and to manage, develop, and protect water resources, consistent with applicable State and Federal law, and in a cost-effective and environmentally responsible manner in the interest of the American public. Reclamation remains committed to working with a wide range of stakeholders, including water and power customers, Tribes, State and local officials, and non-governmental organizations, to meet its mission.

Reclamation is requesting a total of \$1,414,225,000 in Federal gross discretionary appropriations. Of the discretionary total, \$1,270,376,000 is for the Water and Related Resources account, which is Reclamation's largest account, \$65,079,000 is for the Policy and Administration account, and \$33,000,000 is for the California Bay Delta account. A total of \$45,770,000 is budgeted for the Central Valley Project Restoration Fund, to be offset by expected discretionary receipts in the amounts collected during the fiscal year. These appropriations will complement the funding

Reclamation received from the Bipartisan Infrastructure Law, which is allocated pursuant to statute in the amount of \$1.66 billion in FY 2023. Following are some focus areas and highlights of Reclamation's FY 2023 Budget request.

Racial and Economic Equity: Activities to Support Underserved Communities, Tribal Programs & Tribal Water Rights Settlements: Reclamation advances racial equity and assistance to underserved communities through investments in Tribal water rights settlements, continuation of the Native American Affairs technical assistance program, rural water projects, and investments in specific projects for underserved communities. The Bipartisan Infrastructure Law also invests very substantial portions of its funding to underserved populations and Tribal communities as described later in my testimony.

The FY 2023 discretionary request includes \$20.0 million for the Native American Affairs program to work with and support Tribes in the resolution of their water rights claims and to develop sustainable water sharing agreements and build Tribal technical capacity. This funding will also strengthen Department-wide capabilities to achieve an integrated and systematic approach to Indian water rights negotiations to consider the full range of economic, legal, and technical attributes of proposed settlements. Finally, funding also supports Reclamation efforts for Tribal nations by supporting many activities across the Bureau, including rural water projects, the Yakima River Basin Water Enhancement Project, activities of the Klamath Project, and the Lahontan Basin project, among others.

Conservation and Climate Resilience: Reclamation's projects address the Administration's priorities for conservation and climate resilience through funding for the WaterSMART program, funding to secure water supplies to wildlife refuges, and funding for proactive efforts through providing sound climate science, research and development, water security, drought resilience, and clean energy.

The WaterSMART Program serves as the primary contributor to Reclamation's/Interior's Water Conservation Priority Goal. Since 2010, projects funded under the Water Conservation Program, including WaterSMART Grants, Title XVI (Water Recycling and Reuse Program), California Bay-Delta Program, Yakima River Basin Water Enhancement Project, and the Desalination construction program are expected to achieve more than 1.4 million acre-feet of water savings each year once completed.

Through WaterSMART, Reclamation works cooperatively with States, Tribes, and local entities as they plan for and implement actions to 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 climate change, drought, population growth, and necessary water requirements for environmental values. This includes cost-shared grants for water management improvement projects; watershed resilience projects; the Basin Study Program; and drought planning and implementation actions to proactively address water shortages. The FY 2023 request includes \$62.4 million for the WaterSMART Program.

Climate Science: Reclamation's FY 2023 budget for Research and Development (R&D) programs includes \$25.3 million for both Science and Technology, and Desalination and Water Purification Research—both of which focus on Reclamation's mission of water and power deliveries. Climate change adaptation is a focus of Reclamation's R&D programs, which produce climate change

science, information and tools that benefit adaptation, and by yielding climate-resilient solutions to benefit management of water infrastructure, hydropower, environmental compliance, and water management.

The Desalination and Water Purification Research program addresses drought and water scarcity impacts caused by climate change by investing in desalination and water treatment technology development and demonstrations for the purpose of more effectively converting unusable waters to useable water supplies. The Science and Technology program invests in innovation to address the full range of technical issues confronting Reclamation water and hydropower managers, including the Snow Water Supply Forecasting Program that aims to improve water supply forecasts through enhanced snow monitoring and water management to address the impacts of drought and a changing climate.

Modernizing and Maintaining Infrastructure: Reclamation's water and power projects throughout the western United States provide water supplies for agricultural, municipal, and industrial purposes. Reclamation's projects also produce hydropower and maintain ecosystems that support fish and wildlife, hunting, fishing, and other recreation, and strengthen rural economies.

Dam Safety: Reclamation manages 487 dams throughout the 17 Western States. Reclamation's Dam Safety Program has identified 360 high and significant hazard dams. Through constant monitoring and assessment, Reclamation strives to achieve the best use of its limited resources to ensure dam safety and maintain our ability to store and divert water and to generate hydropower. Although some pending infrastructure priorities will be addressed through the Bipartisan Infrastructure Law, additional priorities exist and the FY 2023 budget request includes \$210.2 million for the Dam Safety Program.

The Dam Safety Program helps ensure the safety and reliability of Reclamation dams to protect the downstream public. Approximately 50 percent of Reclamation's dams were built between 1900 and 1950, and approximately 90 percent of the dams were built before adoption of currently used, state-of-the-art design and construction practices. Reclamation continuously evaluates dams and monitors performance to ensure that risks do not exceed the Federal Guidelines for Dam Safety Risk Management and the Public Protection Guidelines. The Dam Safety Program represents a major funding need over the next 10 years, driven largely by necessary repairs at B.F. Sisk Dam in California. The B.F. Sisk Dam is a key component of the Central Valley Project and California's State Water Project, providing 2 million acre-feet of State and Federal water storage south of the California Sacramento-San Joaquin River Delta. Reclamation is modifying the dam to reduce the risk of potential failure resulting from potential overtopping in response to a seismic event, using the most current science and technology to develop an adaptive and resilient infrastructure. In addition to B.F. Sisk, Reclamation has identified 19 additional projects with anticipated modification needs through 2030.

The budget also requests \$96 million for specific Extraordinary Maintenance (XM) activities across Reclamation in FY 2023. This request is central to mission objectives of operating and maintaining projects to ensure delivery of water and power benefits. Reclamation's XM request relies on condition assessments, condition/performance metrics, technological research and deployment, and strategic collaboration to better inform and improve the management of its assets and deal with its infrastructure maintenance challenges.

Renewable Energy: Reclamation owns 78 hydroelectric power plants. Reclamation operates 53 of those plants to generate approximately 15 percent of the hydroelectric power produced in the United States. Each year on average, Reclamation generates about 40 million megawatt hours of electricity and collects over \$1.0 billion in gross power revenues for the Federal Government.

Reclamation's FY 2023 budget request includes \$5 million to increase Reclamation's hydropower capabilities and revenue from existing public infrastructure and reduce project operating costs (e.g., water and power delivery costs). Revenues derived from hydropower production are invested in the underlying public infrastructure to ensure continued, reliable operations and benefits.

Section 70101 of the Bipartisan Infrastructure Law established the Indian Water Rights Settlement Completion Fund (Completion Fund), making \$2.5 billion available to the Secretary of the Interior to satisfy Tribal settlement obligations as authorized by Congress prior to enactment of the Bipartisan Infrastructure Law. The Department allocated \$1.7 billion of those funds in FY 2022, \$355 million of which supported Reclamation's Tribal settlement implementation actions, and additional funding will be allocated in FY 2023. In addition to the Completion Fund, FY 2023 represents the fourth year of Reclamation Water Settlements Fund allocations, which provide \$120 million in annual mandatory authority for Reclamation Indian water rights settlements. Funding made available by previous mandatory authorities, such as that authorized in the Claims Resolution Act, remain available for settlement implementation, while the ongoing operations and maintenance requirements of the Arizona Water Settlement Act are expected to continue to be supported within the Lower Colorado River Basin Development Fund. In FY 2023, the Department of the Interior is requesting \$34 million for ongoing operational requirements for existing settlements to be added in the Completion Fund and the Administration is interested in working with Congress on an approach to provide a mandatory funding source for future settlements. Additional information can be found in the Permanents chapter of the Reclamation request.

The investments described in Reclamation's FY 2023 budget, in combination with the Bipartisan Infrastructure Law implementation and prior year efforts, will ensure that Reclamation can continue to provide reliable water and power to the American 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 2023 budget. Reclamation continues to look at ways to plan more efficiently for future challenges faced in water resources management and to improve the way it does business.

Thank you for the opportunity to summarize the President's FY 2023 Budget Request for the Bureau of Reclamation.