

**STATEMENT OF THE HONORABLE KEN SALAZAR**  
**SECRETARY OF THE INTERIOR**  
**BEFORE THE COMMITTEE ON THE BUDGET**  
**U.S. HOUSE OF REPRESENTATIVES**  
**ON THE AMERICAN RECOVERY AND REINVESTMENT ACT**

**July 24, 2009**

Chairman Spratt, Ranking Member Ryan, and Members of the Committee, thank you for giving me the opportunity to testify today. I am pleased to be appearing with Secretary Vilsack from the Department of Agriculture and Secretary LaHood from the Department of Transportation to discuss implementation of the American Recovery and Reinvestment Act.

**Introduction**

The Department of the Interior is investing \$3 billion under the Recovery Act in approximately 3,400 critical projects across this nation in our unique portfolio of irreplaceable national treasures and critical infrastructure in a manner that will create employment and economic activity.

With these funds we are making the most significant improvements to our buildings, trails, roads, and other public lands infrastructure since President Franklin D. Roosevelt mobilized the Civilian Conservation Corps in the midst of the Great Depression. We believe the Recovery Act program will have a similar legacy of success in creating desperately needed employment opportunities, while also making lasting impacts in the preservation and enhancement of America's timeless treasures, monuments to liberty, and icons of our culture and heritage. At the same time we are making investments that will restore functionality, improve energy efficiency, and advance important national goals for renewable energy, environmental restoration, and water conservation.

While we are implementing the Recovery Act with maximum focus on expediting these

critical investments to create jobs as quickly as possible, we are placing equal emphasis on ensuring that projects are worthy of the public's expenditure, contracts are competed in a fair and open manner, and that our activity is transparent and open.

### **Program Overview**

The Department of the Interior manages 500 million acres or approximately 20% of the land mass in the United States, including 391 National Parks covering 84 million acres, 96 million acres managed by the Fish and Wildlife Service, 56 million acres of Indian and tribal lands held in trust, and 256 million acres under the Bureau of Land Management. We are also the largest supplier of water in the Western United States through the Bureau of Reclamation, including the management of facilities such as the Hoover Dam, Glen Canyon Dam and a huge network of other equally essential facilities.

The Department's Recovery Act program emphasizes critical maintenance, rehabilitation and replacement of roads, trails, habitat, facilities, and water infrastructure with over 90% of our \$3 billion funding these essential projects. Additionally, some of the funds are going to important efforts in Indian Country such as construction and renovation of schools, roads, and housing projects, loan guarantees for small business, and workforce training. Finally, our program also will make important investments in improving our scientific monitoring network through the U.S. Geological Survey.

We are pursuing these investments in a manner that significantly increases our commitment to engaging young people on our public lands. Specifically, 346 of our Recovery Act projects will involve youth in rebuilding trails, restoring critical habitat and performing other essential activities.

Over 1,000 of our projects include energy efficiency and renewable energy components which will both conserve energy and bring cost savings to facilities across our system. In addition, the Bureau of Land Management will invest \$41 million in efforts to

dramatically enhance its ability to efficiently permit commercial scale renewable energy projects on our public lands.

### **Progress Implementing ARRA**

Five months ago, in February, when the Recovery Act was enacted by the Congress and signed by the President, we had already initiated a process to develop a set of projects using a merit-based process and transparent criteria. While understanding the need to move quickly, we continued this process in a careful and deliberate manner to ensure that each of our projects had merit and could be executed within the timeframe provided in the legislation. Each of our bureaus utilized their inventory of projects that had already undergone significant planning and design and clearances and developed plans consistent with congressional direction.

We released our final list of projects in late April and we have made great progress since then. As of July 17, 2009, DOI has obligated \$305 million in Recovery Act funding, creating approximately 3,300 job years. We are projecting obligations of nearly \$1.1 billion by the end of FY 2009 and another \$1 billion in the first and second quarters of fiscal 2010. This pace is consistent with the construction-based nature of the majority of our projects where each contract is fairly and openly competed and money is obligated and spent at an increasing pace over a 12 to 24 month period as work progresses. I am also pleased to report that Interior continues to meet its commitment to small and disadvantaged businesses.

We have initiated almost 400 projects to date, including:

- 27 Title XVI water reclamation and reuse projects totaling \$134.3 million in Recovery Act funds of which \$131.8 million is allocated to projects in drought-stricken California. This funding will be leveraged by local sources to deliver more than \$675 million in Title XVI projects.

- Three water treatment facilities totaling \$93 million which will provide better drinking water to approximately 450,000 people in rural communities in South Dakota, Iowa and Minnesota.
- A trail rehabilitation project on the South Kaibab Trail at Grand Canyon National Park.
- A \$56 million school replacement project for the Rough Rock Community School replacement project in Chinle, Arizona and another \$8.2 million major renovation of Standing Rock High School in Standing Rock, North Dakota.

One thing I need to make clear is that in our case, as with most construction-based projects, jobs are created beginning with the obligation of funds and are not tied to the actual outlay of dollars. The Department pays only upon the demonstration of progress or completion in the majority of our program. Thus, the discussion regarding the pace of actual spending and its relationship to economic activity is misplaced in our case, as obligations lead directly to new jobs and economic activity.

Interior is working aggressively to accelerate the pace of its contractual awards. We have engaged a highly qualified international engineering firm to support us in this effort and are implementing resource sharing, procurement and other strategies that will not only help us better execute the Recovery Act, but also permanently improve our efficiency and operating capacity.

While speed is critical, we are also very focused on doing good projects and investing the public's dollars wisely and transparently. We are working collaboratively with our Office of Inspector General to execute the Recovery Act with a very robust set of internal controls to ensure adequate oversight and management of these funds. The OIG is also providing us with timely and focused input regarding our business practices, areas of potential risk and mitigation strategies and opportunities to implement best practices across our organization.

## **Conclusion**

The Recovery Act has already made significant contributions to the restoration of our nation's economic health, but its benefits are only just beginning to be fully felt as the Department of the Interior's work so clearly manifests. Over the next eight months, we will begin approximately \$1.8 billion of work creating at least 19,000 jobs in projects that will leave a permanent legacy of good stewardship in many of our most treasured landscapes, as well as providing critical water infrastructure in rural communities across the West. We look forward to the contributions this work will make to our nation's economic recovery in the coming months on the timeframe established in the initial legislation.