

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 House
On The President's Fiscal Year 2011 Budget Request
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Mr. Chairman, Mr. Frelinghuysen, and members of this Subcommittee, I am pleased to appear before this Subcommittee today to discuss the President's FY 2011 budget for the Department of the Interior and to update you on progress in implementing our FY 2010 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 392 national park units, 551 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 2011, 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 55 million acres held in trust for Indian Tribes and individual Indians, over \$3.6 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 dormitories, and supports 30 tribally controlled community colleges, universities, and post-secondary schools.

The Department looks forward to a continued partnership with you and your staff to address the nation's water problems.

The situation in California's Bay-Delta ecosystem is a full-blown crisis that requires all hands on deck. On March 16, 2010, the Secretary announced that the Bureau of Reclamation's 2010 Central Valley Project water supply allocations have increased throughout the Valley as a result of additional precipitation, improved snowpack, and improved storage at Shasta Reservoir. In

this case, we accelerated our reporting of updated allocations, hoping to get the best available information to agricultural water service contractors as quickly as possible.

This is good news for the large majority of water users served by the Central Valley Project, but we realize that South-of-Delta agricultural water service contractors face serious water supply challenges, in part as a result of three consecutive years of drought and operational constraints imposed on the CVP to address water quality and fish species of concern. We are continuing to work hard and make progress towards providing an additional 8 to 10 percent for agriculture south of the Delta. While we must take immediate steps and stop-gap measures, we cannot lose sight of our long-term plans to help California's situation. The Department continues to aggressively pursue a comprehensive water supply and restoration plan.

On February 18, 2010, Secretary Ken Salazar joined Oregon Governor Ted Kulongoski, California Governor Arnold Schwarzenegger, PacificCorp Chief Executive Officer Greg Abel and the chairmen of the Klamath, Yurok and Karuk Tribes in announcing final agreements that could potentially lead to removal of four dams on the Klamath River and the largest river restoration project in our nation's history. The Klamath Basin Restoration Agreement and the Klamath Hydroelectric Settlement Agreement provide a framework for removal of the dams by 2020 contingent on Congressional approval and a scientific assessment by the Interior Department confirming that their removal is indeed in the public interest, including an assessment of the benefits and costs of dam removal. The agreements also outline activities that would be undertaken to restore fisheries and provide water supply certainty to communities and water users in the Basin.

Interior will undertake a rigorous, science-based analysis, as well as a full analysis under the National Environmental Policy Act, and make a final determination by March 31, 2012, whether the benefits of removing the dams will advance restoration of salmon in the Klamath Basin and be in the public interest. The decision will be made in consultation with state, local, and tribal governments and other stakeholders, as appropriate. The potential removal of the dams is a key piece of a major restoration effort for the Klamath developed by more than 30 diverse stakeholders, including California and Oregon, three tribes, PacificCorp, water users and conservation groups. The restoration agreements, if confirmed by Congress and fully implemented, would provide sustainable allocation of water for fish harvest, agriculture uses, national wildlife refuges, and other users.

On March 24, 2010, U.S. Department of Energy Secretary, Steven Chu and U.S. Department of Interior Secretary, Ken Salazar announced that the two agencies, together with the Army Corps of Engineers, will cooperate more closely and align priorities to support the development of environmentally sustainable hydropower. The Memorandum of Understanding (MOU), signed as part of the announcement, represents a new approach to hydropower development – a strategy that can increase the production of clean, renewable power while avoiding or reducing environmental impacts and enhancing the viability of ecosystems. Through the MOU the federal agencies agree to focus on increasing renewable energy generation at federally-owned facilities and explore opportunities for new development of low-impact hydropower.

The First Year

In January 2010, President Obama and Secretary Salazar marked their first anniversary by recognizing the achievements of Interior's 70,000 employees, including:

- Restoring the Everglades – beginning construction of the one-mile bridge on the Tamiami Trail and breaking ground on the Picayune Strand Restoration project in the Everglades in Florida – to restore water flows and revive 55,000 acres of wetlands for wildlife habitat;
- Negotiating a settlement of the long-running and highly contentious *Cobell v. Salazar* class-action lawsuit – resolving trust accounting and management issues after 14 years;
- Advancing renewable energy development – establishing renewable energy coordination offices in four States and teams in six States to facilitate renewable energy production on public lands and issuing four exploratory leases for renewable wind energy production on the OCS;
- Moving forward to invest \$3.0 billion available from the American Reinvestment and Recovery Act in facility renovation and energy efficiencies, habitat restoration, increasing water supplies and water conservation, supporting renewable energy development, and reducing human hazards;
- Restoring confidence and accountability in our energy programs by beginning an orderly termination of the Royalty-in-Kind program, reforming the management of onshore oil and gas resources and announcing a balanced approach to OCS development;
- Coming to the aid of drought-stricken California with emergency aid and infrastructure investments;
- Expanding job opportunities for youth – employing 8,200 young adults in 2009;
- Opening the crown of the Statue of Liberty for public access – the crown has been closed to the public since 9/11;
- Ending a stalemate at the Flight 93 National Memorial – completing the acquisition of land in cooperation with willing sellers and clearing the way for construction of a memorial to honor the Nation's heroes;
- Delisting the brown pelican – a case of complete recovery for a species that was first listed as endangered in 1970; and
- Increasing transparency – reversing and withdrawing flawed oil and gas leases with potential impacts to national parks in Utah and oil shale research, development, and demonstration leases that may have shortchanged taxpayers.

Overview of the FY 2011 Budget

Interior's 2011 budget reflects an aggressive agenda in the context of challenging fiscal times. The 2011 Interior budget request for current appropriations is \$12.2 billion. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional \$5.8 billion, for budget authority totaling \$18.0 billion for Interior in 2011.

The request for the Bureau of Reclamation and the Central Utah Project Completion Act, funded under the jurisdiction of this Subcommittee, is \$1.1 billion. The FY 2010 Reclamation

discretionary budget request is \$1.02 billion in current appropriations and the request for the Central Utah Project is \$43.0 million.

Climate Change Adaptation

Resource managers consider climate change to be the single most challenging issue they face. In order to equip them with the tools and strategies they need, Interior's Climate Change Adaptation initiative will investigate the causes and formulate solutions to mitigate climate impacts to lands, waters, natural and cultural resources. As the pre-eminent manager of lands and resources, Interior will leverage its experience and expertise in partnership with other governmental and non-governmental entities. Interior's Climate Science Centers and Landscape Conservation Cooperatives (LCC) will conduct and communicate research and monitoring to improve understanding and forecasting for those natural and cultural heritage resources that are most vulnerable to climate change impacts.

The Department's High Priority Performance Goal for Climate Change Adaptation is to identify areas and species most vulnerable to climate change and begin implementing comprehensive adaptation strategies by the end of 2011. Beginning with the 2011 budget, Reclamation will identify dedicated climate change funding, including an increase of \$3.0 million for its Basin Studies Program. Through the Basin Studies Program, Reclamation will work with State and local partners to analyze the impacts of climate change on water and power operations throughout basins in the Western States, and will identify options to mitigate or adapt to those impacts.

WaterSMART

The 2011 budget proposes a sustainable water strategy to assist local communities to stretch water supplies and improve water management. A High Priority Performance Goal is established to increase water supply for agricultural, municipal, industrial, and environmental uses in the western United States up to 350,000 acre-feet by the end of 2011 through conservation programs including water reuse and recycling and WaterSMART (formerly Challenge) grants.

The budget for the WaterSMART program – Sustain and Manage America's Resources for Tomorrow – includes \$72.9 million, an increase of \$36.4 million over the 2010 enacted level for sustainability programs in Reclamation and USGS. Reclamation will use \$62.0 million, an increase of \$27.4 million, to improve water management by encouraging voluntary water banks; reducing demand; implementing water conservation and water reclamation and reuse projects; and taking action to improve energy efficiency and reduce environmental conflicts. The USGS will use \$10.9 million, an increase of \$9.0 million, for a multi-year, nationwide water availability and use assessment program.

Treasured Landscapes

The 2011 budget includes funding for an increased effort by Reclamation to conduct studies, projects, and other efforts in the California Bay-Delta. These activities will support the December 22, 2009 Bay-Delta Interim Action Plan supported by six federal agencies, investing

in short and long-term actions for sustainable water and ecosystem restoration. This request will fund habitat restoration efforts, the development of fish screens and fish ladders, efforts to eradicate or mitigate invasive species, various water quality and quantity studies and assessments, and other efforts.

Supporting Tribal Nations

The 2011 budget for Reclamation contains funding in support of tribal nations through projects such as the Animas-la Plata project to continue implementation of the Colorado Ute Settlement Act and funding for the Navajo-Gallup Water Supply project.

Conclusion

Thank you for the opportunity to testify on behalf of the President's FY 2011 budget request for the Department of the Interior. I want to reiterate my appreciation for the long-standing support of this Subcommittee. Our FY 2011 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 measures to address climate impacts, preserving treasured landscapes, our youth, and the empowerment of tribal nations. This concludes my overview of the FY 2011 budget proposal for the Department of the Interior. I am happy to answer any questions that you may have.