

Testimony of

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**Before the House Committee on Natural Resources
Subcommittee on Water and Power**

**Oversight Hearing on the Proposed Fiscal Year Budget Requests for the
Bureau of Reclamation and U.S. Geological Survey Water Resources Division**

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Introduction

My name is Tony Willardson, and I am the Executive Director of the Western States Water Council (WSWC). Our members are appointed by the Governors of eighteen states. We are an advisory body on water policy issues affiliated with the Western Governors' Association (WGA). Madame Chair, and members of the subcommittee, we appreciate the opportunity to testify on the Administration's FY2011 Budget Request as it relates to a number of federal water resources programs. Thank you again for your continuing leadership in addressing the serious water-related challenges facing the West and the Nation.

My testimony is based on a number of our prior reports, statements and positions. More specifically, in June 2006, the Western Governors' Association unanimously adopted a report prepared by the Western States Water Council entitled, "Water Needs and Strategies for a Sustainable Future" and in 2008 a follow up "Next Steps" report. These reports included a number of recommendations related to federal programs under this Subcommittee's jurisdiction, and on which I had the opportunity to testify last October. I won't repeat that testimony, but plan to address specific program requests in the context of those recommendations.

Department of Interior

FY2011 Budget

The Council recognizes the difficult challenges facing the Nation related to our current economic woes and the federal budget deficit. We are all being called upon to do more with less. We appreciate the ARRA investments that have been made in our water resources infrastructure, and western states in general support similar capital investments at all levels of government. Increasing demands related to our growing population in the West and environmental protection, as well as the uncertainty related to climate change and unquantified Indian water rights, making present and future water resources planning and management particularly challenging.

For more than 100 years the Department of Interior has worked with the States and Tribes, as well as water users and stakeholders to address our challenges. States continue seeking infrastructure improvements and additions, particularly new water storage opportunities,

while at the same time striving to increase efficiency and reduce water use. Western water law and policy are based on the reality of scarcity and the need to use water wisely.

Without the Bureau of Reclamation and federal investment in past water projects, the West would not be what it is today. Continuing investments and sacrifices will be needed to maintain our quality of life and protect our environment. Difficult choices have to be made at both the federal and state agency levels.

As we plan for the future, states are well aware of the importance of maintaining our existing assets and prioritizing future infrastructure investments. States are in the best position to identify, evaluate and prioritize their needs. State water plans should help form the basis for federal decisions. We must work together as partners. The federal government should support States by providing a rational federal regulatory framework, together with technical and appropriate financial assistance.

Overall, Interior's budget request for Reclamation is down by \$23M, slightly less than last year, while requests for some programs, such as the WaterSMART program, have increased. There is a continuing need to highlight the importance of water to our nation's economic vitality and environmental health. The Reclamation Act of 1902, recognizing the vital need to invest in Western water resources, creating the Reclamation Fund as a means to finance such investments. The unobligated balance at the end of FY2011 will be over \$10B (but spending from this special Treasury fund is still subject to appropriations and pay go rules). Receipts are more than sufficient to fund all current Reclamation expenditures and more. In essence, the unobligated balance grows as fund receipts are used to finance other government purposes. We continue to urge the Congress to increase spending from the Reclamation Fund for authorized purposes.

Of special note, Congress has authorized future transfers from the Reclamation Fund for construction of projects related to Indian water rights settlements, the resolution of which has been a longstanding goal of the Council.

Climate Science Centers

Interior's FY2011 budget request includes \$11.5M for Climate Science Centers. The Council has consistently recognized the importance of water, weather and climate science. Climate variability and change introduce significant uncertainty into water resources planning, management and decisionmaking. The Council looks forward to working with Interior as it develops these centers. The Council has been an advocate for climate programs and services provided by the National Oceanic and Atmospheric Administration (NOAA), specifically the National Integrated Drought Information System (NIDIS) and Regional Integrated Sciences and Assessments (RISA) Program. We understand the Council on Environmental Quality will take a lead role in ensuring various federal climate science efforts are coordinated.

Bureau of Reclamation

WaterSMART

The Council has often supported technical and financial assistance to states and local watershed groups and water districts as an appropriate federal role. We are encouraged by Secretary Salazar's \$62M request for Interior's WaterSMART Program, and recognize the importance of the proposal in an increasingly tight federal budget. The WaterSMART program is in part designed to make water available through conservation for other uses. It is important to note that the allocation of water is primarily a state prerogative, and water transfers are subject to state water law and policy.

Title XVI Projects

The Council has supported various emerging and expanding technological opportunities to augment existing water supplies, including water reuse and recycling opportunities. The \$29M WaterSMART requests for water reuse/recycling projects is another step forward. We recognize that Reclamation already has a lengthy backlog of authorized Title XVI projects, and much more could be spent to encourage and take advantage of water reuse and recycling opportunities. A total of 53 projects have been authorized at a total federal cost of \$624M, which represents up to a 25% federal cost share.

WaterSMART Grants

The FY2011 request for Reclamation includes \$27M for WaterSMART water conservation grants to better optimize system operations and encourage water use efficiency, marketing and banking programs, and the use of brackish waters. The Council supported legislation specifically authorizing such grants. In the past, such cost-shared grants have leveraged federal spending with state and local contributions, leading to an investment of nearly \$3 for every federal dollar spent. Grant applications continue to come in well in excess of the amount of federal grants available. For example, Reclamation received 141 applications for grants funded with ARRA money, but with the nearly \$40M appropriated was able to provide money for only thirteen projects in five states. Roughly ten times the federal appropriation could have been matched.

Basin Studies

The Council has been a proponent of watershed and basin-wide coordination and a commitment to involving all governmental entities and stakeholders with an interest in finding solutions to present and future water management challenges. Interior requests \$6M for basin studies to assess water supply and demand, climate impacts and identify adaptation strategies, in partnership with States, Tribes and water districts. This request will fund three 50%-50% cost shared studies in the Colorado River Basin (covering seven states), the Yakima River Basin in Washington and the Milk-St Mary's River Basins in Montana (and Canada). These studies are intended to identify basin-wide water supply issues and in partnership with basin States, Tribes and stakeholders define options for meeting future water demands and related challenges. The

Western States Water Council has been approached by Reclamation about involvement in the study. Obviously, there are other basins worthy of future study.

Cooperative Watershed Planning Act

There is a need to focus on grassroots, small watershed approaches to identifying water problems and potential solutions from the ground up, integrating these efforts into individual state water plans and federal water resources planning. The Council supported enactment of the Cooperative Watershed Planning Act. We understand Reclamation hopes to implement a pilot project with existing resources. Such assistance will provide important help for grassroots, watershed groups which have often proven effective in addressing complicated water management and water quality protection challenges. Hopefully, future funding will be available to further promote the development of watershed groups and implementation of watershed management programs and projects.

Rural Water Supply Needs

The Council has consistently supported assessing and addressing rural water supply needs, with appropriate federal technical and financial assistance. Reclamation's \$62M request for ongoing projects is significant. However, rural water supply needs are expanding, in part due to federal safe drinking water mandates. Current and future federal spending will not likely be able to meet these growing needs.

Title I of the Rural Water Supply Act of 2005 authorized Reclamation to complete an assessment of rural water supply needs. The Council supported enactment and has worked with Reclamation to help compile a listing of identified needs. The act also authorized cost shared project assessments. Reclamation has published interim final rules to govern the program, and requested \$2.6M for FY2011 to move forward with soliciting and screening project assessment proposals. Any projects recommended for construction would need authorizing legislation.

Of note, Title II of the act also authorized loan guarantees to help local districts with project operation and maintenance responsibilities (but without title to these federal projects) obtain private financing for major project repairs and rehabilitation work. Unfortunately, the Office of Management and Budget has determined such federal guarantees would have to be backed 100% by appropriated funds. Given the extremely low expected rate of default on such loans, this appears unnecessary. Moreover, it defeats the purpose of the guarantees, which is to leverage federal and non-federal resources.

U.S. Geological Survey

Without timely and accurate water resources information, human life, health, welfare, property, and environmental and natural resources are at considerably greater risk of loss. The USGS has been a leader in developing and realizing the potential of state-of-the-art technology to provide real or near real-time data with the promise of vastly improving the quantity and quality of water-related information available to decisionmakers in natural resources and emergency management, with the States as essential partners.

WaterSMART

National Water Assessment/Census

The WaterSMART program includes \$9M for USGS to work on a national water use and availability assessment (or national water census). Western governors have specifically noted the need for an "...accurate assessment of the Nation's water availability and water demands, with the goal of integrating the information into state water resources planning, recognizing that a truly national assessment must begin at the state and local level with appropriate technical and financial support from the federal government." (Water Needs and Strategies for a Sustainable Future: *Next Steps*, p. IV, June 2008)

Of the requested amount, \$1M is to be made available for grants to help states develop programs to measure water use. Current state programs and abilities vary widely and such assistance -- though limited -- will be welcome. We look forward to working with the USGS implementation team. The Western States Water Council is currently represented on the Advisory Committee on Water Information and has participated with the Sustainable Water Resources Roundtable, and USGS intends to work through both to refine the concepts and products to meet stakeholder goals.

As it relates to measuring and monitoring agricultural and other water uses, the Council has worked hard to secure funding to ensure that a thermal infrared sensor (TIRS) was included as part of the Landsat Data Continuity Mission, which NASA has scheduled for launch in December 2012 (none too soon given operational problems with the existing Landsat 5 mission). USGS will gather, archive and distribute this thermal data. An increasing number of states and others are using this state-of-the-art technology to accurately measure consumptive agricultural water use remotely. We recognize and appreciate the fact that USGS has had to make a significant budgetary commitment to accelerate development of its related ground operations to accommodate the continued availability of this thermal data (due to NASA's late commitment to include TIRS).

Streamgaging Programs

While recognizing USGS has made a very substantial and significant increase in its request for water-related information gathering, we are nonetheless disappointed that requested funding was reduced for the National Streamflow Information Program (NSIP), which is fully federally funded (cut about \$578,000 to \$27M), and the Cooperative Water Program (cut some \$1.9M to \$63.6M). Cooperative Water Program (CWP) partners now fund about two-thirds of program costs.

The proposed cuts, if not restored by the Congress, will undoubtedly lead to the loss of important streamgages -- many with over 30-years of record. The Council and many other stakeholders have repeatedly called for full NSIP funding (\$110M) and sufficient appropriations to support a 50%-50% CWP match (\$95M). Together, these two programs support much of our national streamgaging system, which is critical for water resources and emergency management,

planning and decisionmaking; water supply project and transportation infrastructure design; long-term planning related to climate change and variability; and other essential uses.

Hard funding choices have to be made, but as we struggle to find support for federal streamgaging programs, state and local confidence in the federal commitment to these programs is eroding and may eventually seriously undermine this critical federal-state partnership. Already some states are building and operating their own streamgaging systems, and more may follow. We need to consider what national benefits might be lost along with the current national streamgaging system should it be replaced with a fragmented lot of streamgages operated for limited purposes.

Madam Chair, thank you again for the opportunity to testify.