

FEDERAL WATER LEGISLATION

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Environment and Public Works

It's a pleasure to be here. I attended last year's conference and enjoyed it very much. I seem to be unable to stay away from Las Cruces. I was here a couple of weeks ago and, hopefully, I will be back again soon.

It is a great pleasure for me to participate in this 25th Conference. I congratulate Tom Bahr and the staff of the Water Resources Research Institute. They have done a fine job.

Our committee handles the work of the Office of Water Research and Technology in the Department of the Interior, which helps to fund the Water Resources Research Institute. I know the respect that the New Mexico Institute has in Washington is very, very high. What I'm here to talk about is not a very happy story. I'm not going to talk about Iran, which is another unhappy story; I'm going to talk with you about water, and what's happening with federal water policy in Washington.

The first thing I must say is that if the water programs in all states were run as effectively as the state of New Mexico is under Steve Reynolds, we really would not have a problem. But, unfortunately, New Mexico and its problems with water are dragged down by the fact that not all of the 49 other states have as effective a program, and as cooperative an attitude between themselves and Washington, as does New Mexico. The water program in

this country is in real trouble. You may or may not think that, because things are going pretty well here; but, when you look at what has happened with federal water-resources development spending in Washington, it is really a tragedy.

In the last 15 years, the amount of real dollars, uninflated dollars, that have gone into water-resources projects, at least through the Corps of Engineers (and I think the figures are about the same for what used to be the Bureau) spending is down about 50 percent from where it was in the mid-sixties. And it is not going to get any better. It is an easy thing to cut; it is a program that does not have a broad constituency.

Look at the projects of the Corps of Engineers. The General Accounting Office did a study of the Corps of Engineers' flood control projects and found they took an average of 26 years from the time the study was authorized until construction began. Even if that figure is a little inflated, if you are talking about waiting a generation to get a project started, it is a program that is just not working very well. There are no priorities in the program, the selection of projects, to a great extent, is simply an "ad hoc" process of "you give me mine and I'll give you yours" -- whatever pops to the top of the barrel gets plucked off. There is a backlog of some \$30 billion dollars, including a project to make Dallas a port for barge traffic, at a cost of \$2 billion, and a lot of other projects that some people may not think of as being excessively valuable.

One of the great problems with the current water program is the general public perception that it is the last vestige of the nineteenth century, where the Congress selects the projects and specifically appropriates money for them, line by line. The public perceives that the water program and the water-development program in this country is "pork barrel"; and as long as you have that public perception, I think you are going to lack public support -- the kind of broad public support we need for water-resources development. And Lord knows, we have water-resources problems and we need more water-resources development. So, as I see it, you have basically two choices: you can let the program drift along at its current level and be the subject of hit lists and laughter on "60 Minutes," or you can try to reform it and try to make it work better.

I work for Pete Domenici. Pete Domenici is not the type of Senator who likes to sit around and let things drift. In the last couple of years he has taken a great interest, as the ranking Republican on the Senate's water-resources subcommittee, in the whole process of how you make the water-resources program in this country work better. He believes very strongly in water-resources development. Anybody from New Mexico does. But he believes that water-resources development needs to be, the system needs to be, made more effective so that there will be greater public confidence in the whole program of water-resources development. If that occurs, then you will have the kind of investment in water resources in the West, the East, the North, and the South, that we need to

meet this growing crisis that is going to occur in the next 15 to 20 years, if we do not do something about it.

Senator Domenici set out a year or so ago, shortly after I participated in last year's conference here, to try to develop, if you will, a better system. He came up with three criteria by which he wanted to move ahead. The first was to try to find some way to move the program ahead more rapidly, to put more money into the program.

Second, to create a system, or create an atmosphere for selecting priorities so that somebody is making a choice, not just saying "whatever comes along, we'll take," but making a choice and saying "yes, we need this flood control project more than we need this water-supply project, or vice versa." That will provide a real decision as to where, in a particular state or in a particular region, the money ought to be invested in order for it to do the most good.

Third, is to broaden the constituency for water-resources development in this country, as well as lessening the public perception that it is just your old fashioned nineteenth-century pork barrel.

To those ends he introduced a bill, which Pat O'Meara discussed somewhat last night, not in the most flattering terms. That bill was S1241, which was introduced last May, with sponsorship of Senator Domenici and co-sponsorship of Senator Moynihan of New York. The object of S1241 was to remove Congress from the

individual selection of projects and the individual appropriation of projects, and turn that process back to the states. The states, where the knowledge is far greater than it is in Congress, would make the decisions as to what kind of projects would go forward. They came up with a figure of \$4 billion a year for construction, which is about a billion and a half more than is currently expended for construction in the three major water-resources agencies: the Soil Conservation Service, the Corps of Engineers, and the Bureau of Reclamation. And they decided to distribute the money on a formula based half on the population of the state, and half on the land area of the state (with special exception for Alaska because of its size). The program would require that before the states could spend any money, they would select what projects would be pursued and at what speed. They would have to do this annually through a public hearing process. The design of a project and the construction would be overseen by the Corps or the Bureau, but the selection and speed of projects would essentially be dictated by the state, rather than the vagaries of the Congress.

Now, let me just say one thing about what Pat O'Meara had to say last night. If you listened to Pat -- and I like Pat very much, but he does tend to, shall we say, overemphasize the demerits of S1241 -- he implies that all of a sudden all this money is going to be flowing back East, and the West isn't going to see any money. Strictly on a percentage basis, not counting real dollars, but strictly on a percentage basis, the reclamation states essentially

get the same percentage of money under S1241 as they are currently getting through the three programs of the Bureau, the Corps, and the Soil Conservation Service. The reclamation states would receive on the order of 25 to 27 percent of the national water budget. There obviously are some changes within individual states: some states are winners, some states are losers. The state of New Mexico happens to be a winner, by an order of eight times, going up from something like \$10 million a year now to on the order of \$80 to \$90 million a year under S1241. I think that it is a little unfair to characterize S1241 as an effort to remove or to take money away from the West.

But at the same time, Senator Domenici recognizes the need to broaden the constituency for water programs. And the only way you are going to broaden the constituency and develop a national interest in water resources in this country is to begin to involve the northeast -- the many legislators and many people that live there -- in a strong water-resources development program.

Obviously, the needs for water-resources development in the northeast are entirely different than they are here. And the flexibility in S1241 was designed to meet that need by saying, in effect, you, the state, pick the projects. If you want to spend your water-resources money on rebuilding New York City's water supply system, fine and dandy! There is a set amount of money you get every year. You spend it the way you want. The state of New Mexico gets a set amount of money every year, selects its

priorities, and moves ahead on its program. The priorities are ones imposed by Albany and by Santa Fe. I think Senators Domenici and Moynihan believe that in the long run you are going to get a lot wiser development and a lot wiser decisions. This may not necessarily be true in the state of New Mexico, because of the very effective work of Steve Reynolds and others; but in most states you are going to get stronger and more effective decisions on water-resources development when you have the state directly involved in that choice, rather than being involved by sufferance.

There's nothing very sacred about the specifics of S1241. It was designed, and Senator Domenici spoke many times about the fact that its purpose was to serve as a starting point to try to get people to work toward a more effective system of water-resources management. To a degree that worked. It became the subject of discussion. Realizing that you cannot completely alter a process that's nearly a century old with one bill in one week, the Senators sealed it back to a compromise proposal, which some people call Son of 1241. The Senate subcommittee on water resources adopted this compromise last week.

It is a five-year demonstration program of the block allocation process, which I described earlier in S1241, at \$1 billion per year. Money is to be distributed based half on population, half on land area, which means New Mexico gets something on the order of \$20 million a year, with the state selecting the priorities of how that money is to be spent among the Corps, Bureau, and SCS programs.

That program, the demonstration program, is over and above the existing line-item, ad hoc pork barrel approach currently in place. In effect, you will have both systems running in tandem. You will develop a record which you can look back upon three or four years from now, and see which system is working better. Whether, in fact, the projects that are going ahead under the ad hoc approach are going ahead as fast as you'd like them, whether you are picking the good projects, or whether the demonstration program (with a set amount of money, priority setting, and the participation of the state) is actually developing a more effective system than is currently in process.

The Son of S1241, which is amendment 1660, makes no changes in current cost-sharing arrangements. It makes no essential change in the process, except it says there is a certain amount of money per year per state that the state can use to select for work by the Corps of Engineers, or the Bureau, or whatever, to move ahead on those projects.

Now, where do we go from here? It is really hard to say. I think the likelihood that there will be an omnibus water-resources bill passed by Congress and enacted by the President this year is exceedingly remote. The chances are that we may not even have a bill out of Congress. We have not had one since 1976. Traditionally, we have them every two years; but did not have one in 1978, and it is very unlikely we will have one this year.

There will obviously be some other bills. Another committee will move ahead on some Bureau of Reclamation bills, and I expect we will move ahead on a bill for the Office of Water Research and Technology and the Water Resources Council. But we will not have a major project's bill -- a \$3, \$4, \$5 billion bill, with the Albuquerque levies in it, and a number of other projects that interest New Mexico and other states. It is probably doomed because President Carter has indicated that he will veto anything approaching the already House-passed bill, which consists of about \$4 billion of everything from marinas in Texas to the building of a second power house out on the McNary Locks and Dam on the Columbia River, and other things that will cost a good deal of money. I think that President Carter can win that veto fight with ease, as I said before, because of this public perception that water projects essentially are pork barrel. I do not think -- and this is something we are still trying to explore with the White House (and Lord knows what effect last night's events might have on anything) -- that the Administration is in a position at this point of wanting to work out a new system. I think they would rather have the great public glory, from their point of view, of a veto, showing how they are standing firm against "wasteful spending."

I do not think the basic attitude is Washington is going to change very much toward water projects, regardless of who the President is - President Reagan, President Bush, President Mondale, President Carter, or President Kennedy. I do believe that at some

point in the next year or so we will get a compromise that is not going to make anybody very happy. But we hope that in the long run it will move this program ahead faster, and that it will end the guerrilla warfare currently going on in Washington over water projects.

I will just outline for you what I think that compromise will be (and that is a very general thing; I do not know what the specifics will be), but I would think that it's going to have basically three components. First, a lot more projects. Second, some variation on the Domenici-Moynihan block-allocation system -- some variation that does move some of these decisions out of the hands of Congress, whose hands are already full with a lot more important issues than selecting three or four million dollar flood control projects, and into the states, where decisions can be made far more effectively than they can be in Washington. Third, the Administration's eventual demand for some sort of compromise will probably make changes in the cost-sharing process in the development of water projects. I suspect there will be a system that will require more local cost-sharing on water projects, because I think that the perception in the East is very strong that the West is getting off too easily on the reclamation program. Even in the old days when the capital cost of irrigation projects was paid back without interest, it usually amounted to something like 10 or 15 percent of the cost of the project. (I cannot imagine what it would be at 20 percent interest.) I think that perception needs to be lessened in

order to move the program forward; that perception needs to be altered with at least the appearance that the West and those who are benefiting in the West and in the other parts of the country are paying a fair share of the projects from which they benefit.

I do not know when that compromise is going to occur. I do not know if it is going to occur this year, which I think is very unlikely, or next year, or the year after. But I doubt very much that you are going to have significant water legislation out of Washington until some sort of resolution occurs along these general lines. I think once that resolution occurs -- painful as it may be in some areas -- in the long run the nation as a whole is going to be far better off, and we are going to see more water projects, and we are going to see greater water development.

I do not see how it can get any worse than it is now. When you have got a program that is going downhill, 50 percent of what it was a few years ago, you have got a program in real trouble.

Each of you should think very seriously about how we can move this program forward; what kind of initiatives can be made that will overcome the problems that I have tried to outline. I believe that your thoughts on this would be very helpful, and I hope you will communicate them to us.