

**VIEWS AND ESTIMATES
OF THE
COMMITTEE ON NATURAL RESOURCES
FOR FY 2010**

INDIAN AFFAIRS

Each year the federal government appropriates funds for Native Americans based on numerous treaties signed between the United States and Indian tribes, as well as statutes passed by Congress, and Supreme Court holdings. In nearly every treaty, Indian tribes gave up lands in return for goods, services, and binding legal agreements that tribes would retain sovereign authority within their reservation boundaries and would receive funds in perpetuity from the federal government.

Indian Health Service

The Administration's FY 2010 budget request for the Indian Health Service (IHS) is more than \$4 billion in discretionary budget authority—an increase of more than \$675 million from the Administration's FY 2009 budget request. The focus of these funds will be to expand access to health care for American Indians and Alaska Natives (AI/ANs) with the goal of improving health outcomes and promoting healthy Indian communities.

The Committee applauds the President's commitment to this important issue. While the unmet need for health care services in the United States is dire, it is especially so in Indian country and urban Indian communities. A few of the statistics illustrate the startling situation that exists in the United States:

- ▶ Native infants have a death rate 40% higher than that of the majority of Americans.
- ▶ Native youth are twice as likely to commit suicide.
- ▶ Native people battle the highest rates of Type 2 diabetes in the world.
- ▶ The life expectancy of Native peoples is five years less than that of other Americans.
- ▶ Indian health clinics are outdated with an estimated facility maintenance backlog of \$370 million.

After funding programs at a level sufficient to adjust for inflation, the Committee supports increased funding for contract health services, mental health services, alcohol and substance abuses services and urban Indian facilities. In addition, it is essential that Indian country and urban Indian facilities be included in other programs to improve

health care services generally, such as the President's proposed increase to address the shortage of health care workers.

Bureau of Indian Affairs

The Administration's FY 2010 budget request includes an increase of more than \$100 million for enhanced law enforcement and education. These funds will strengthen tribal courts, detention centers, and police programs to help protect Indian communities.

The Administration's budget will help combat the fact that less than 3,000 tribal and federal law enforcement officers patrol more than 56,000,000 acres of Indian country. This constitutes less than one half of the law enforcement presence in comparable rural communities nationwide. Indian country also faces a violent crime rate that is nearly twice the national average. Adequately funding tribal courts, detention facilities, and police programs will make Indian country a safer place now and for future generations. The Committee supports the President's request for increased funds for law enforcement and supports additional funding that will help keep Native nations safe.

But more is needed in Indian country. Indian tribes manage their own natural resources yet they are facing a severe funding shortage. The Committee recommends sufficient funding to ensure that tribes are able to conduct basic natural resources management.

In addition, fractionation of trust lands has caused trust management problems in Indian country. For instance, more than 5 million acres of Indian-owned land is unproductive because individual tracts have multiple owners. Adequate funding is needed to assist tribes in consolidating Indian lands so that the land may be put to productive use.

Indian country has the potential to assist the United States in combating global warming and the energy crisis with the development of renewable resources existing on Indian lands. At the same time, developing renewable energy on Indian lands has the potential to help alleviate the average unemployment rate of 26% which exists in Indian country today. In addition to tribal participation in the \$50 million requested by the Administration to spur renewable energy projects, the Committee also supports funding for renewable energy programs within the Bureau of Indian Affairs.

INSULAR AFFAIRS, OCEANS AND WILDLIFE

The Territorial Clause of the U.S. Constitution provides the Congress with powers to "dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States..." The enactment of certain federal laws has provided the Secretary of the Interior with the authority to carry out functions to improve the economic and political development of the U.S. territories of the Virgin Islands (USVI), Guam, American Samoa, and the Commonwealth of the Northern

Mariana Islands (CNMI). Congress makes annual appropriations available to the Interior Department's Office of Insular Affairs to assist in their mission to help the aforementioned U.S. territories. Additionally, annual appropriations for three former U.N. Trust Territories of the Pacific Islands, whose political relationship and funding agreements are governed under Compacts of Free Association, are carried out through the Department of the Interior's Office of Insular Affairs.

Administration of Territories

The U.S. insular areas other than Puerto Rico (American Samoa, Guam, the CNMI and the USVI) are provided special assistance through Administration of Territories appropriations. This Department of the Interior account also funds technical assistance to these areas, as well as the three Freely Associated States (FAS): the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI) and the Republic of Palau (RP).

The Fiscal Year 2009 budget is expected to provide \$78.6 million in current appropriations, an amount which is estimated to be \$846,000 above the FY 2008 enactment. In general the Committee is pleased by this modest increase in funding. However, the Committee would recommend increasing the Technical Assistance account for FY 2010 to further assist the Office of Insular Affairs (OIA) in implementing private sector economic development and promoting sound financial management practices in the insular governments. Additionally, the Committee feels that OIA should continue to receive additional funding to continue to fund the operations of the CNMI Ombudsman office. The Committee continues to believe that the Ombudsman's office is best situated to assist non-resident guest workers with outstanding claims against CNMI employers, for which there is no other avenue until the extension of U.S. immigration laws to the CNMI comes into effect.

Territorial Assistance

The Office of Insular Affairs is intended to be the Executive Branch's primary agency for matters concerning all of the insular areas other than Puerto Rico. It is charged with providing financial and technical assistance to these areas and it is expected to be an expert on and advocate for them within the Executive Branch.

The Committee continues to acknowledge and support recommendations made by the Interior Department's Inspector General (IG) in 2007 and the Government Accountability Office (GAO) that a more coordinated effort should be made between the OIA and other federal grant-making agencies on issues of common concern relating to insular governments. Some of the ongoing concerns are single audit reports, high-risk designations, and deficiencies in financial management systems and practices.

The technical assistance program is one of OIA's most useful programs because it provides insular governments with relatively small amounts of assistance for projects of all kinds on a discretionary basis. The program allows each government to identify

pressing needs and priorities and develop action plans to mitigate these problems, which OIA then funds. A major focus the program has been to help insular governments to improve the productivity and efficiency of government operations.

The Committee supports an increase to OIA's Technical Assistance account to provide more assistance in helping insular governments establish sound financial management systems, improve accounting systems, and promote stable economic development.

The Pacific Islands Committee (PIC) of the Judicial Council of the Ninth Circuit's assessment of the education and training needs for judges and court personnel benefits the U.S. Territories of Guam, the CNMI, and American Samoa, as well as the freely associated State of Palau. The program strengthens all aspects of each respective judiciary by providing a more competent, stable, and fair judicial system. The Committee strongly agrees with the recommendations of the PIC and supports an increase of funds for this initiative.

The 177 Healthcare Program created under the Compact of Free Association with the Republic of the Marshall Islands (P.L. 99-239), serves the communities from the four atolls of Enewetak, Utrok, Rongelap, and Bikini exposed to fallout from the U.S. thermonuclear weapons testing program in the mid-1950's.

The U.S. Administration has previously taken the position that nuclear compensation issues should be addressed separately from other assistance programs and in the context of the Marshall Island's petition to Congress for additional nuclear claims compensation. Congress has supported a temporary extension of the 177 Healthcare Program. The Committee supports providing funding to continue the 177 Healthcare Program.

For more than two decades, the Close Up Foundation has worked with the Department of the Interior – Office of Insular Affairs to address the civic education needs of insular area communities. The Close Up Insular Areas Program allows students and educators from American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, the Federated States of Micronesia, the Republic of the Marshall Islands, the Republic of Palau, and the United States Virgin Islands to participate in Close Up Washington civic education programs. Additionally, the program provides for Close Up staff to work with these communities in funding local civic education programs, providing educational materials, conducting workshops and attending educational conferences on the Islands.

Because the costs of conducting this valuable program have skyrocketed as rising energy prices have dramatically raised the cost of providing airfare, local transportation and food to participants, the Committee supports an increase of funds for this important program.

American Samoa Government Operations

American Samoa, like the other territories, is facing serious economic challenges. The department's own budget justifications acknowledge that the two tuna canneries that account for 80% of the private-sector economy are coming under increasing pressure from changes to international trade and tariff policies and the recent enactment of a federal minimum wage schedule.

The Committee continues to recognize that the American Samoa government is working towards establishing a healthy financial position under the Revised Fiscal Reform Plan and the August 2002 Memorandum of Understanding between Governor Tauese P. Sunia and DOI Deputy Assistant Secretary David B. Cohen. Continued pressures on the local government should be considered in deciding which government, ASG or the U.S., should bear the increased costs in American Samoa's operating budget attributed to inflation or population growth.

Covenant Grants

The law that approved the Covenant that established the political union between the United States and the CNMI committed the federal government to provide the Commonwealth with assistance for government operations, capital and economic development for seven years. It also contemplated further multi-year assistance based upon consultations between representatives of the President and the CNMI Governor prior to the end of every multi-year period. Beginning in Fiscal Year 1992, this law required an amount of \$27.72 million be provided annually until another law on the matter was enacted.

In 1996, Public Law 104-134 reduced the annual funding to the CNMI and allocated the remaining funds for use throughout the U.S. insular areas. Each of the territories received funding through this mandatory Covenant appropriation to fund Capital Improvement Projects (CIP). Beginning in Fiscal Year 2005, OIA implemented a competitive allocation system for the \$27.72 million mandatory Covenant CIP grants, based on a premise that all funds will be used for capital improvement needs in the U.S. territories. The new process offers the U.S. insular area governments the opportunity to compete each year for a portion of the guaranteed funding in addition to other assistance for local funding that might be available.

The Committee believes that maximum consideration for funding should be given to those governments that are under federal court orders and consent decrees for compliance or violations of federal environmental laws. Additionally, the Committee has growing concerns that a significant amount of CIP funding appropriated in previous fiscal years remains either unspent or unobligated.

Compacts of Free Association

Funding to the FSM, RMI and RP are almost entirely met through permanent indefinite or mandatory appropriations. The Committee supports the President's budget for the mandatory and other federal services requests in accordance with the different negotiated agreements.

The Compact Amendments Act (CAA) (P.L. 108-188) provided mandatory funding for the Enewetak Food and Agriculture Program (EFAP). The Enewetak Atoll was the site for 43 nuclear tests carried out by the United States in the 1950's. Partial resettlement of the Enewetak people has occurred; however, more than half of the atoll remains contaminated by radiation. In Fiscal Years 2005 - 2009, Congress added close to \$500,000 more to the mandatory funding provided for in the CAA which has allowed the EFAP to keep up with inflation. The Committee requests the same funding for Fiscal Year 2010 to cover inflationary costs.

Addressing the Impacts of Climate Change on Natural Resources

Federal land, water, fish, and wildlife resources will be vulnerable to a wide range of physical, biological, economic, and social effects as a result of climate change. At the same time, public lands and resources represent some of the best opportunities we have for implementing natural resource adaptation strategies to help mitigate some of those effects. Unfortunately, the policies of the previous Administration have left our federal resource agencies at a significant disadvantage in this effort. Not only do their strategic plans fail to address climate change, but resource managers have limited guidance concerning whether or how to address climate change, are unsure of what actions to take and do not have sufficient site specific information to plan for and address the effects of climate change on the federal resources they manage. Similar challenges are faced by the states. The new Administration's budget proposal includes many provisions that will begin to address these deficiencies.

In particular, the Administration has proposed increased funding of more than \$130 million to assist federal land management agencies, states and tribes to perform scientific analyses and monitoring and to update land management and species recovery plans to reflect the impacts of climate change on wildlife and other natural resources they manage. This proposal is strongly supported by the Committee as an important down payment in what will be one of the biggest challenges to natural resource management that federal, state and tribal agencies will face.

U.S. Fish and Wildlife Service

The U.S. Fish and Wildlife Service is the principal federal agency responsible for conserving, protecting and enhancing fish, wildlife, plants and their habitats. The Service manages the 96-million-acre National Wildlife Refuge System, which encompasses 548 national wildlife refuges, 37 wetland management districts and other special management areas. It also operates 70 national fish hatcheries, 64 fishery resource offices and 81 ecological services field stations.

Our fish and wildlife resources provide billions of dollars in benefits to the U.S. economy and are an integral part of our nation's heritage. Yet, several factors, notably climate change, habitat loss and fragmentation, invasive species, inadequate water quality and availability, and the illegal trade in wildlife and wildlife products threaten our wildlife legacy, not only in the United States but also around the globe. Adequate funding for a wide range of Fish and Wildlife Service programs will be essential to meeting these challenges.

National Wildlife Refuge System

The Committee remains concerned regarding the long-term operations and maintenance budget backlog facing the National Wildlife Refuge System now estimated by the Service to be approximately \$2.87 billion. While the Refuge System received an increase in its appropriations in 2008, the years of level or decreased funding have resulted in the loss of approximately 600 field personnel since 2005, and the System continues to lose ground. While the Service has thus far staved off the need to implement radical proposals to restructure field operations and close individual refuges, funding remains entirely inadequate within the context of the operations and maintenance budget backlog. In order to cover ever-increasing costs and provide additional funds for essential program activities, especially the completion of comprehensive conservation plans for all refuges as required under the National Wildlife Refuge Act (P.L. 105-57), the Committee urges that the Refuge System be funded at an amount that builds upon the increase provided in last year's appropriation.

Endangered Species Program

The previous Administration spent eight years seeking to undermine the Endangered Species Act (ESA) and the protection it provides our nation's most imperiled species. High ranking political appointees used their positions and influence to meddle in scientific decisions under the ESA and alter policy outcomes, potentially harming species and certainly harming the integrity of the law, as well as the morale and reputation of the agencies charged with its implementation. The Committee will work closely with the new Administration to restore transparency, consistency, and accountability in the implementation of the ESA, and supports the President's commitment to ensuring that sound science is the basis for decision-making under the law. Key to restoring the integrity of the law will be increased funding for ESA programs that suffered from intentional neglect during the last eight years.

Coastal Barrier Resources Act (CBRA)

A high priority for the Committee is the one-time funding needed to implement the digital mapping modernization program to improve the accuracy and availability of maps produced under the Coastal Barrier Resources Act (CBRA). As was noted in 2007, this market-based conservation approach has saved the U.S. Treasury an estimated \$1.27 billion. In addition, the effectiveness of the program was reaffirmed by the positive

review it received from the Office of Management and Budget during the program's FY 2006 performance rating assessment.

The existing series of 600 hand-rendered paper maps that depict undeveloped coastal barriers desperately needs to be modernized. As part of the Act's most recent reauthorization (P.L. 109-226), the Service was directed to complete the digital transformation of all CBRA maps. A pilot program has been completed and we urge the Administration to forward the final report to the Committee at its earliest convenience. Considering the substantial benefits of digital maps, the relatively low cost to produce them -- the Fish and Wildlife Service estimates it will take roughly \$12 million -- and the trillions of dollars in property at risk, the Committee supports what will be a critical tool for communities facing the challenges of rising seas and increased frequency of severe storms, to ensure that risky private development is not encouraged or subsidized by the federal taxpayer.

North American Wetlands Conservation Act (NAWCA)

The North American Wetlands Conservation Act provides matching grants to organizations and individuals who have developed partnerships to carry out wetlands conservation projects in the United States, Canada, and Mexico for the benefit of wetlands-associated migratory birds and other wildlife. This program has become increasingly important as climate change shifts critical bird and wildlife habitats needed for adaptation to a changing environment. The Administration has proposed a \$10 million increase in funding for NAWCA activities with a goal of fully funding the program at \$75 million by 2012, and the Committee wholeheartedly supports this goal.

National Oceanic and Atmospheric Administration

The world's oceans and coasts are crucial to life on Earth. Yet, the synergistic effects of human activity, including energy development, habitat destruction and overfishing -- both domestically and internationally -- as well as the spread of invasive species, climate change, and pollution have initiated changes of untold magnitude. Healthy oceans are key not only to our survival but also to our quality of life; without healthy oceans we are ecologically and economically diminished. Science must inform our utilization of ocean goods and services so that we may enjoy the abundance that healthy oceans can provide. Our stewardship responsibilities will include realizing federal and regional ocean governance reforms, reviving our traditional international leadership role, implementing improvements in the management of fisheries and marine mammals, protecting special places in the marine environment as the inheritance of future generations, planning for the effects of climate change and offshore energy development, and providing the funding necessary to set a meaningful pace of positive change.

National Ocean Service

The National Ocean Service (NOS) is the primary federal agency working to preserve America's ocean and coastal resources. Of particular concern to the Committee is the continued erosion of funding for the Ocean Resources Conservation and Assessment accounts that occurred during the last several years. These reduction and cuts to navigation services contrast sharply with recommendations to increase monitoring, observations and mapping programs at NOAA and other agencies.

In this respect, the Committee generally supports the increases in NOAA funding to support advanced climate and ocean research and the construction and maintenance of research facilities and vessels. It is the Committee's expectation, however, that the Administration, in furtherance of its stated objective to build a 21st Century infrastructure, also intends to provide sufficient funding to accelerate efforts to coordinate and build-out an Integrated Ocean Observation System (IOOS). As much as highways and ports were critical to our global economic strength in the 20th Century, IOOS will provide the types of ocean and environmental observation and monitoring data that will become pivotal to both governmental and non-governmental decision-makers, and determine our future success in managing our economy and environment while navigating the uncertainties brought forth by climate change.

Other high priorities for the Committee are full funding for coastal management, coral reef conservation and the National Marine Sanctuary Program. As coastal communities deal with the environmental and infrastructure impacts of climate change, as well as the increasing efforts to develop alternative energy off our coasts, states will need robust and active coastal management programs to be full partners in addressing and managing these challenges and activities. Also, at a time when it has become abundantly clear that climate change, ocean acidification, and other human-induced activities are dramatically affecting the present and future health of the world's ocean and coral reefs, full funding for the Coral Reef Conservation Act and the Office of Marine Sanctuaries will be key to ensuring the long-term health of our marine resources.

National Marine Fisheries Service (NMFS)

The National Marine Fisheries Service (NMFS) is responsible for the conservation and management of fisheries and other living marine resources within the U.S. Exclusive Economic Zone (EEZ). Among other changes to our federal fishery management system, the Magnuson-Stevens Fishery Conservation and Management Reauthorization Act (MSRA) of 2006 mandated the implementation of annual catch limits and accountability measures to end overfishing and the revision of NMFS procedures for compliance with the National Environmental Policy Act.

The Committee supports the Administration's proposal to fully fund the implementation of the MSRA and its requirements to end overfishing by 2011. The Committee also recommends adequate funding for stock assessments that provide the scientific and technical basis for meeting the MSRA deadline for all federally managed stocks to set annual catch limits by 2010-2011. Increases in funding for fishery observers and law enforcement funding will also be critical to achieving these goals.

Office of Atmospheric Research (OAR)

In general, the Committee supports the Administration's proposal to provide funding for climate and ocean research, including efforts to understand and monitor ocean acidification. The Committee also supports increased funding for the National Undersea Research Program which will be integral to this larger research effort, and urges the Administration to support funding for the National Sea Grant College Program at the authorized funding levels.

NATIONAL PARKS, FORESTS AND PUBLIC LANDS

National Park Service

Founded in 1916, the National Park Service (NPS) manages 391 park units encompassing more than 84 million acres in 49 states, five insular areas and the District of Columbia. The agency employs more than 20,000 full-time employee equivalents and receives more than 270 million visitors per year.

The Administration has announced its intention to seek a \$100 million increase in funding for operation of the National Park System and \$25 million in federal matching funds to leverage private donations in preparation for the National Park Service's 100th anniversary in 2016.

The 2016 anniversary is a significant milestone and the Committee welcomes the Administration's plans to increase NPS funding in preparation. It is our hope that, in contrast to previous requests for funding increases for NPS operations, this funding will not come at the expense of other worthy NPS programs such as historic preservation or deferred maintenance.

Bureau of Land Management

The Bureau of Land Management (BLM) manages 258 million surface acres and approximately 700 million acres of subsurface minerals, predominantly located in 11 contiguous western states¹ and Alaska. These lands make up about 13% of the land mass of the United States and about 40% of the land managed by the federal government.

The BLM manages multiple resources and uses, including energy and mineral production, timber, grazing, public recreation, wild horse and burro herds, fish and wildlife habitat and wilderness areas as well as archaeological, paleontological, and historic sites. In addition, the BLM manages the National Landscape Conservation

¹ These states are Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

System, which includes National Conservation Areas, designated wilderness, and 15 National Monuments.

The Administration has announced plans to insure that taxpayers begin to receive a better return from energy development on public lands. Such a policy would be a significant shift away from the policies of the previous Administration. Increasing the fees paid by energy companies for processing drilling permits and reforming royalty rates would provide important revenue for other aspects of BLM's mission.

The Administration has also announced plans to seek a dedicated fund to cover the costs of catastrophic wildfires on federal land similar to Chairman Rahall's FLAME Fund approved by the House last Congress. This proposal will be discussed below with regard to the Forest Service, but the \$75 million sought by the Administration for DOI is an important investment and will allow the BLM to fight fires without taking funds away from other significant programs.

Forest Service

Congress established the Forest Service (FS) as an agency within the U.S. Department of Agriculture in 1905. The FS manages 193 million acres of national forests and grasslands in 44 states, Puerto Rico and the Virgin Islands including a wide range of natural, recreational, and historical resources. These lands comprise 8.5% of the total land mass of the United States, an area approximately the size of Texas. The Forest Service is the largest forest research organization in the world and provides states, tribes, and private land owners with technical and financial assistance on forest matters.

The previous Administration supported drastic reductions in vital FS accounts. These reductions, combined with the ever-growing cost of fighting wildfires, resulted in the Forest Service spending half its annual budget fighting fires, leaving inadequate funds for almost every other aspect of the agency's mission.

Like Chairman Rahall's FLAME Fund, the Administration intends to seek a \$282 million emergency fund that would be available once annual appropriated dollars are exhausted for firefighting. This emergency fund, combined with a \$50 million increase for national forest operations, represent significant and long overdue investments in the Forest Service and the resources it manages.

Land and Water Conservation Fund (LWCF)

Since 1965, the Federal LWCF program has provided essential funding for the acquisition of lands and waters to improve national parks, forests, wildlife refuges, and public lands. The program allocates a fraction of the enormous revenues generated by depletion of oil and gas resources in the Outer Continental Shelf to these purposes. Further, the Stateside LWCF program has provided states and localities with crucial funding to preserve open space and develop parks and recreational facilities.

Each year, approximately \$900 million is credited to the LWCF and the Fund currently has a balance approaching \$17 billion. Inexplicably, the previous Administration proposed to spend a meager 4% of the revenue credited to the LWCF in the last fiscal year and only one quarter of one percent of the Fund balance.

The Obama Administration's plan to allocate \$420 million from the Fund next year, and to work toward allocating the full \$900 million annually, is a dramatic and welcome policy change. LWCF funding can play a critical role in the conservation of sensitive areas and the development of outdoor recreational facilities.

WATER AND POWER

Bureau of Reclamation

The Bureau of Reclamation is best known for the dams, power plants, and canals it has constructed in the 17 western states. The Bureau operates nearly 350 storage reservoirs, approximately 250 diversion projects and 58 power plants. Through this federally owned and controlled infrastructure, the Bureau is the largest wholesale distributor of water in the country, providing more than 31 million people with water. In addition, the Bureau supplies one out of five western farmers (140,000) with irrigation water for 10 million acres of farmland that produce 60% of the nation's vegetables and 25% of its fruits and nuts. As the largest wholesaler of water, the Bureau's operations have a dramatic impact on western communities facing both unprecedented growth and drought.

Water and Related Resources

Most of the funds requested for the Bureau of Reclamation are for Water and Related Resources. This category includes items deemed by the Bureau to be central to its "core mission of delivering water and generating hydropower."

Contemporary Water Needs

The Committee is particularly interested in how the Bureau's budget request reflects the priorities of the Bureau of Reclamation. The Bureau of Reclamation is the only federal agency with exclusive responsibility for water supply in the western United States. Yet the agency's budget request and its resulting policy direction has not reflected a strong commitment to address the ongoing drought crisis, aging infrastructure, and tribal water rights settlements, or to respond to contemporary water needs in the West. For instance, the annual budget request and appropriation for Reclamation in previous fiscal years has been in the neighborhood of one billion dollars, but historically, only about \$7 million— less than one percent—is requested each year to help communities finance water recycling projects.

Title XVI Water Recycling Projects

The general purpose of “Title XVI” projects is to provide federal financial assistance for developing supplemental water supplies by recycling/reusing agricultural drainage water, municipal wastewater, brackish surface and groundwater, and other sources of contaminated water.

Projects are financed with partial federal grants, and construction costs are shared by a local project sponsor or sponsors and the federal government. The federal share is generally limited to 25% of total project costs and in most cases the federal share is non-reimbursable, resulting in a de facto grant to the local project sponsor. Congress limited the federal share of individual projects to \$20 million in 1996 dollars (P.L. 104-266).

Despite having a backlog of over \$498 million in active Title XVI water recycling projects, the Bureau of Reclamation previously requested only \$7 million in the FY 2009 budget. This is woefully inadequate and ignores the real potential of these projects to address water shortages throughout the West. A meaningful allocation to Title XVI would be no less than \$75 million per year to both address the project backlog, as well as new needs.

Tribal Water Rights Settlements

Tribal water rights settlements allow for water supply certainty through the resolution of certain water claims for tribal and non-tribal parties. One of the most common impediments to water rights settlements is securing sufficient funds to implement settlement agreements. Since the passage of the Soboba Band of Luiseño Indians Water Settlements Act, Congress has approved 21 tribal water rights settlements, in which the federal government has spent or is committed to spend at least \$1.7 billion. The estimated federal cost for unauthorized Indian water rights settlements is at least \$3 billion dollars.

The Committee strongly supports the resolution of tribal water claims and a significant increase in related funding.

California Restoration Efforts

Other major programmatic categories of interest to the Committee include the Trinity River Restoration and San Joaquin River Restoration. The Committee will continue to maintain oversight on these important programs in the 111th Congress.

United States Geological Survey (USGS) Water Programs

Since 1879, the USGS has been involved in issues related to water availability, water quality, and flood hazards. This work, conducted by more than 3,500 hydrologists, technicians, and support staff located in every state, includes collection, management, and dissemination of hydrologic data; analysis of hydrologic systems through modeling of data; and research and development leading to a new understanding of water resources.

National Streamflow Information Program and the Cooperative Water Program

Of particular interest to the Committee is the USGS Cooperative Water Program, an ongoing partnership between the USGS and non-federal agencies. The program has been in existence for 112 years, jointly funding water resources investigation projects in every state, Puerto Rico, and several other U.S. territories. Funds for stream gages in the Cooperative Water Program are through a 50/50 joint partnership from the U.S. Geological Survey and other federal, state, tribal, and local agencies.

The USGS currently operates and maintains 7,500 stream gages across the country as part of the Streamflow system. 4,400 of the 7,500 stream gages are considered of federal interest and are federally funded. However, only 15-20 percent of the 4,400 stream gages are funded annually, leaving the rest to be funded by state and local agencies. Many stream gages have been discontinued due to the lack of funding to support their continued operation.

Groundwater Resources Program (GWRP)

The USGS Groundwater Resources Program (GWRP) assesses groundwater availability through evaluations of the nation's principal aquifers. Thirty principal aquifers collectively account for about 94% of the nation's total ground-water withdrawals for public supply, irrigation, and self-supplied industrial uses. The regional groundwater investigations budget requests were part of the FY 2009 Water for America Initiative. The GWRP request in FY 2009 was \$10.5 million; an increase from the FY 2008 enacted levels.

The Committee strongly supports both the Cooperative Water Program and the Groundwater Resource Program and recommends funding at least at the Fiscal Year 2009 levels.

Federal Power Marketing Administrations

The four federal Power Marketing Administrations (PMAs) – Bonneville Power Administration (BPA), Western Area Power Administration (WAPA), Southwestern Area Power Administration (SWPA), and Southeastern Area Power Administration (SEPA) – market hydroelectric power from Bureau of Reclamation and Corps of Engineers dams to preference power customers throughout the western and southern regions of the country. The PMAs rely on a mix of funding from appropriations, power revenues, third-party financing, and borrowing authority.

Appropriated dollars are vital to the operation and maintenance of the PMAs' transmission grids and related facilities. SWPA and SEPA have typically received less than \$40 million per year in appropriations combined. While the amount of funding is small, it is vital to their abilities to deliver clean, low-cost energy to public power customers.

In recent fiscal years, WAPA has received annual appropriations totaling more than \$200 million per year to help maintain its transmission system, which is more than 17,000 miles long and runs across 15 western states. WAPA recently received borrowing authority in the American Recovery and Reinvestment Act of 2009, but those funds are solely available for use in constructing transmission capacity related to the delivery of renewable energy. Hence continued appropriations to fund transmission capacity related to WAPA's core mission of delivering hydroelectric power to western utilities is of utmost importance. While we believe funds provided for construction of new transmission in the West related to renewable energy resources are vital, we cannot lose sight of the need to provide funds for WAPA's core mission.

ENERGY AND MINERAL RESOURCES

1872 Mining Law

The Committee notes that the budget continues to exclude a call for comprehensive legislation to reform the nation's mining law, and examine issues germane to bringing the nation's hardrock minerals policy into the 21st century. Unlike nearly every other country in the world, the United States, under the 1872 Mining Law, conveys rather than leases hardrock minerals on public lands and development occurs on a claim without a production royalty paid to the federal government. Provisions to establish a 8% gross income royalty on new mining on public lands and a 4% royalty on mining from current operations, as well as increased location and claim maintenance fees, are included in H.R. 699, nearly identical to a bill (H.R. 2262) which passed the House in October 2007 on a strong bipartisan vote. CBO projects that these provisions (not including the 4% royalty) would increase revenues by \$160 million in 2008-2012. The Committee emphasizes that securing a fair return from hardrock mining on public lands is critical, in particular to fund the reclamation of hundreds of thousands of abandoned hardrock mines. Current cleanup budgets are meager: for FY 2009 the Bureau of Land Management proposed \$8.3 million and the Forest Service proposed \$13 million, while the potential total abandoned mine cleanup cost looms in the billions.

Regulation of Coal Ash

Approximately 129 million tons of coal ash (combustion "byproducts" or "wastes") was produced in the United States during 2006. By one estimate, coal ash generation will increase at least 25% by 2020. The Committee has considered legislation, H. R. 493, to address the appropriate role of the federal government in assuring the safe disposal or reuse of coal combustion waste. A 2007 draft assessment by the Environmental Protection Agency revealed risks to human health and the environment from the disposal of coal waste in landfills and surface impoundments, and a 2006 National Research Council report recommended enforceable federal standards for coal waste disposal in mines. The evident need for baseline federal regulations for coal ash whether disposed in landfills, impoundments, or mines, will require adequate budget

resources to ensure the safety and health of communities and the environment from these waste products.

Oil and Gas

The Committee supports the Administration's adoption in the budget of a number of Committee proposals from the 110th Congress, including raising rental rates on non-producing oil and gas leases, reforming the royalty system to increase the return from oil and gas production on federal lands, and closing loopholes that have given oil companies excessive royalty relief for offshore leases. Clearly, with mineral receipts reaching nearly \$23 billion in FY 2008, it is imperative that the Administration ensure that mineral development of the public lands and the Outer Continental Shelf (OCS) is conducted in the manner that best serves the public.

In particular, the Committee supports the Administration's decision to expand the comment period on the question of whether, where and under what terms future oil and gas development should occur under the proposed 2010-2015 Draft Proposed OCS Oil and Gas Leasing Program issued by the Minerals Management Service. The OCS is responsible for producing nearly 15% of the nation's domestically produced gas and over a quarter of our domestically produced oil. In Fiscal Year 2009, oil and gas activities on the OCS brought in more than \$18 billion in bonus bids, rentals, and royalties. As a major source of energy and revenue for the United States, the Administration's steps on the OCS to ensure greater transparency and accountability on OCS activities are to be commended.

Historically, the Bureau of Land Management and the Minerals Management Service, the federal agencies tasked with the tracking and collection of these revenues, have not performed in an adequate or transparent manner. As evidenced by a series of independent assessments undertaken at the insistence of the Committee, there has been gross malfeasance in the federal oil and gas program. As former Interior Department Inspector General Earl Devaney said at one point, "Short of a crime, anything goes at the Department of the Interior." Sadly, as the Committee learned from a series of reports issued over the past several years, Interior employees did not stop short of committing crimes. Therefore, the Committee applauds the new sense of urgency and commitment the Administration has demonstrated towards reform of the federal royalty program.

Additionally, we urge the Administration to work with the Committee to assess the strengths and weaknesses of federal onshore energy program management, organization, and policies. There are many shortcomings in this program which have been raised in various forums, including:

- ▶ The Government Accountability Office (GAO) has proposed improvements the Department of the Interior (DOI) can make to ensure diligent development, improve royalty collection accuracy, and make sure that the American people get a fair return for production of their oil and gas resources. Ongoing GAO investigations begun at the request of the Committee are

examining the Royalty In Kind Program, the ability of DOI to verify oil and gas production, data reliability issues, the use of categorical exclusions as allowed by the Energy Policy Act of 2005, and financial assurances for fluid minerals.

- ▶ Western governors have recommended improvements in energy development, particularly coordination and planning between federal officials and policies and state and local officials to facilitate leasing while also protecting wildlife corridors and crucial habitat.
- ▶ Conservationists and western citizens have expressed concerns that resource management plans and leasing decisions are increasingly inconsistent with agency stewardship requirements. For example, six Utah Resource Management Plans covering 11 million acres completed in 2008 allow oil and gas exploration and development across the majority of lands which the Bureau of Land Management itself identified as having important wilderness character, and in some areas abut national parks.

Alternative Energy On-shore and Off-shore

The Committee commends the Administration for its decision to invest \$50 million in renewable energy to conduct the environmental evaluations and technical studies needed to spur development of renewable energy projects, assess available alternative resources, and mitigate the impacts of development. For too long, the Department of the Interior's focus and resources have been concentrated on oil and gas, with development of alternative energy relegated to the back of the line.

There is a growing body of laws and regulations governing renewable energy project siting and development. The Committee understands and supports the Bureau of Land Management's effort to prepare a Programmatic Environmental Impact Statement (PEIS) to determine where large-scale deployment of solar power is compatible with other land management goals by 2010. However, the Committee is also concerned that at the same time, the Bureau of Land Management faces a backlog of more than 130 applications representing a combined total of more than 70 gigawatts of solar potential. The Committee also supports the Administration's efforts to encourage geothermal energy development on public lands. The Committee is also heartened by the Administration's commitment to ensure the Minerals Management Service issue final regulations for the OCS Alternative Energy and Alternate Use Program, which will allow for the leasing of the OCS for wind and hydrokinetic generating facilities.

In general, the Committee supports the Administration's commitment to facilitate development of clean, renewable resources in the most appropriate places on public lands and waters, consistent with other land management responsibilities, and in light of the potential to create jobs and a low-carbon economy.

Unconventional Fuels: Oil Shale and Tar Sands Leasing

In 2008, the Bureau of Land Management hastily finalized rules to facilitate commercial oil shale leasing on 2 million acres in Utah, Colorado, and Wyoming after a congressional ban on the final rules expired at the end of September 2008. The Committee commends Secretary Salazar for his recent actions related to oil shale leasing on federal lands. The many unknowns about oil shale as an energy commodity make it incumbent upon the Administration to question calls for large scale oil shale development.

While the Energy Information Administration's long-term forecast envisions commercial oil shale production in the United States eventually if oil prices are high (\$102 per barrel of oil in 2020 and \$118 in 2030) the EIA also found "considerable uncertainty" about future unconventional crude production. Among the unknowns are potential climate rules that would increase costs, possible water access restrictions in the West and other environmental limits. The Administration should examine such questions as the appropriate royalty for oil shale, water requirements for oil shale production, the impacts of oil shale and tar sands development in other nations, the amount of energy needed for full-scale production (and accordant increases in U.S. emissions of carbon dioxide) and potential western community impacts.

Carbon Sequestration

Coal plays a major role in meeting U.S. energy needs, and will continue to do so in coming decades. Carbon Capture and Sequestration (CCS) is the key enabling technology to ensuring that the U.S. continues to take advantage of our vast domestic resources of coal without contributing to greenhouse gas emissions. CCS entails injecting carbon dioxide underground in ultra-deep geological reservoirs. The U.S. has the geological capacity to store carbon emissions in depleted oil and gas reservoirs for several decades. Capacity in other geological reservoirs is estimated to be in the hundreds of billions of tons, enough to store current levels of domestic emissions for over 300 years. The technology is still under development, but many experts are optimistic about its advancement. The Committee urges the Administration ensure there are adequate resources applied to advancing carbon sequestration on public lands and ensuring this technology is safely developed and disseminated, and in particular, that the Administration ensures full implementation of Section 714 of the Energy Independence and Security Act of 2007, which was drafted by the Committee to develop a recommended framework for managing geological sequestration on public lands.