

**VIEWS AND ESTIMATES  
OF THE  
COMMITTEE ON NATURAL RESOURCES  
FOR FY 2011**

**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.

**Bureau of Indian Affairs**

The President's Fiscal Year (FY) 2011 budget request includes programmatic increases of \$70.6 million for the Empowering Tribal Nations initiative. This initiative seeks to advance Nation-to-Nation relationships and enhance tribal self-determination by improving funding for Indian education, protecting Indian communities, and reforming trust land management.

The President's budget proposal also includes an additional \$20 million increase over the FY 2010 enacted level to combat criminal activity on Indian lands. Less than 3,000 tribal and federal law enforcement officers currently 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. The FBI is primarily responsible for investigating major crimes on Indian land. This funding increase consists of \$19 million to hire FBI agents dedicated to Indian lands and an additional \$1 million for detention center operations. The Committee supports the President's request for increased funds for FBI agents dedicated to Indian lands, but remains concerned over inadequate funding for general law enforcement resources available to help keep Native peoples safe.

Proposed funding for contract support costs constitute the largest increase at the Bureau of Indian Affairs, an increase of \$21.5 million over the FY 2010 enacted level. This increase is much needed and will help tribes exercise their sovereignty as the federal government upholds its trust responsibility. The Committee applauds this significant increase as it will lead to a greater degree of tribal self-determination through tribally-run programs.

Fractionation of trust lands has caused major 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. The budget includes \$1 million for the Indian Land Consolidation Program to maintain this program and assist in estate planning. If the pending settlement proposal in the case of *Cobell v. Salazar* is enacted by Congress, an additional \$2 billion will be made available for trust land consolidation.

Indian country has the potential to assist the United States in combating global warming and the energy crisis with the development of renewable resources 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. The FY 2011 budget proposes an increase of \$2.5 million for energy projects as part of the Department's New Energy Frontier Initiative. The Committee also supports funding for renewable energy programs within the Bureau of Indian Affairs.

### **Indian Health Service**

President Obama's FY 2011 budget request for the Indian Health Service (IHS) is \$4.4 billion, an increase of \$354 million over the enacted funding for FY 2010. The Committee strongly supports this increased funding. This proposed increase will help IHS achieve ~~the~~ its goals to build and sustain healthy communities, provide accessible and quality health care, and foster collaboration and innovation across the Indian Health System.

There are notable program increases including \$84 million for contract health services, which includes essential services such as inpatient and outpatient care, routine and emergency care, and medical diagnostic imaging, physical therapy, and laboratory services.

The increase of \$46 million for contract support costs will help enable tribes to improve the delivery of federal health care programs to tribal members.

Further, the proposed budget calls for an increase of \$37 million for health care facilities construction. This funding will allow for the continued construction of a hospital in Alaska as well as outpatient clinics in Arizona. These facilities are expected to serve over 30,000 patients once completed.

An additional \$4 million has been requested to support Health Information Technology to secure the exchange of medical data. These funds will help Indian health facilities improve and modernize data exchange equipment and protocols in order to meet recent government mandates regarding such data exchange.

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.

The substantial and much needed increase to the IHS budget will allow for Indian health [care](#) facilities to continue addressing these issues and to do so more effectively. The Committee commends the President for his efforts to uphold our trust responsibility by ensuring that the health and welfare of our First Americans are not forgotten.

### **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 (OIA) 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 the Administration of Territories appropriations account. 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 FY 2011 budget is expected to provide \$87 million in current appropriations, an amount which is \$22.8 million below the FY 2010 enacted level and \$34.4 million below the President's FY 2010 budget request. While the committee is disappointed that the FY 2011 budget is below the current year's level, we applaud the Administration's efforts to strengthen insular communities through its newly developed Empowering Insular Communities program to implement private sector economic development and promote 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.

## **Guam Buildup**

Under an October 2005 agreement, entitled "U.S.-Japan Alliance: Transformation and Realignment for the Future" (ATARA), the U.S. and the Government of Japan agreed to realign U.S. and Japanese forces throughout the Pacific. As part of this realignment effort, the United States and Japan agreed to relocate 8,000 Marines and 9,000 dependents from Okinawa to Guam by 2014.

The department's budget justification acknowledges that Guam's infrastructure will be an important consideration for the FY 2011 and subsequent budgets in view of the fact that island's population is expected to grow 20 percent by 2014. While financial resources are available for on-base military construction, the committee supports recommendations for funding to provide adequate roads, power, water and wastewater systems shared by the military and civilian community to ensure that civilian facilities are able to meet the growing resource needs of a larger population.

## **War Claims**

For nearly three years during World War II, the people of Guam, American nationals at the time, endured a brutal enemy occupation, in part due to their intense and unwavering loyalty to the United States of America. However, the response of the United States Government to redress their sufferings, damages and losses has been determined inadequate by two separate federal commissions, and without parity as compared to relief provided by Congress to other Americans who experienced losses during the war.

As a result, on February 23, 2009, the House of Representatives passed H.R. 44, the Guam World War II Loyalty Recognition Act, which this Committee reported favorably and for which action is pending in the Senate. The House of Representatives also passed H.R. 44 as Title XVI of H.R. 2647, the National Defense Authorization Act for Fiscal Year 2010, on June 25, 2009; however, the Senate rejected these provisions in the conference committee. H.R. 44 would implement the recommendations of the Guam War Claims Review Commission, which submitted its final report to the Committee on June 9, 2004 pursuant to Public Law 107-333. It would do so by authorizing the appropriation of \$126 million for the Secretary of the Treasury to make specified payments to survivors of the enemy occupation of Guam who were raped, injured, interned, or subjected to forced labor or marches, and to survivors of residents of Guam who died during the war. These claims would be adjudicated by the Foreign Claims Settlement Commission and the costs fall within budget function 800 (General Government). The legislation also would authorize the appropriation of \$5 million for a grant program to memorialize the occupation of Guam. The Committee believes it is important for the budget to take into account these costs and for H.R. 44 to be enacted into law without further delay.

## **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 Islands' 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 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's Washington D.C. 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**

In addition to recovering from the affects of a devastating Tsunami that hit the island last September, American Samoa, like the other territories continues to face serious economic challenges. The Department of the Interior's own budget justifications acknowledge that the sudden and severe loss of jobs, estimated at 2172 or 12% of total employment, that was created by the closure of the Chicken of the Sea (COS) tuna cannery will severely impact the viability of the territory. Moreover, the Governor of American Samoa in testimony before this Committee indicated the remaining cannery, Star Kist, may also close due to 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 then Governor Tauese P. Sunia and then DOI Deputy Assistant Secretary David B. Cohen. Continued pressures on the local government should be considered in deciding which government, that of American Samoa 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 FY 1992, this law required that \$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 various 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 of 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 supports the same funding for FY 2011 to cover inflationary costs.

The FY 2011 budget includes a placeholder of \$20.8 million in recognition of the ongoing review of the relationship between the United States and Palau. Legislation is being drafted that would extend the financial assistance provisions of the Palau Compact of Free Association for an additional fifteen years, through 2024, with total funding over the period of \$250 million. Although the review is ongoing and the legislative proposal is still being developed, the Administration expects to propose a program of assistance that ensures the viability of Palau's trust fund, maintains the stability of Palau's government and continues Palau's eligibility for federal programs and services, including the U.S. Postal Service.

## **Addressing the Impacts of Climate Change on Natural Resources**

As recent environmental observation and monitoring data make clear — whether expressed in the form of glacial retreat, variant wildlife migration patterns or increased ocean acidification — our federal lands, waters, fish, and wildlife resources and our ocean and coastal marine resources are in a state of transition. As such, both species and habitats are becoming more vulnerable to a wide range of physical, biological, economic, and social effects as a result of climate change and the uncertainty therein. At the same time, the Committee recognizes that our public lands and resources represent some of the best opportunities available for implementing natural resource adaptation strategies to help mitigate some of those effects. As we have stated in the past, the unfortunate policies of the previous Administration not only left our federal resource agencies at a significant disadvantage in this effort, but also dithered away valuable time which ought not to have been wasted.



The Committee continues to support this Administration's efforts to finally develop a comprehensive strategy and identify the priorities and resources necessary to build more robust, science-based capabilities to guide and address the information needs of not only federal land and ocean managers, but also state and tribal resource managers and other non-governmental stakeholders, to directly confront the challenges presented by a variable climate. Last year, the Administration requested 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. The proposed FY 2011 budget seeks an additional \$171.3 million to support the Department of the Interior's Climate Change Adaptation Initiative, an increase of \$35.4 million over FY 2010, which should allow the bureaus within the Department to confront the realities of climate change through an integrated strategy. The Committee expects that these additional resources will best be utilized to further develop Landscape Conservation Cooperatives, enhance environmental monitoring, and increase targeted scientific research to better understand the geographical, hydrological, biological, and ecological impacts attributed to climate change across our public lands and waters.

### **U.S. Fish and Wildlife Service**

The U.S. Fish and Wildlife Service (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, other special management areas, and as of January 6, 2009, three new marine national monuments that protect 195,280 square miles in the Pacific Ocean. The Service 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, are an integral part of our nation's heritage, and provide abundant opportunities for people young and old, urban and rural, to experience wildlife-dependent outdoor recreational activities, such as hunting and wildlife photography. 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 remain paramount threats to our wildlife legacy, not only here in the United States but also abroad. As much as the Committee supports the Administration's request to seek additional funds to address the impacts of climate change, we cannot lose sight of the underlying need to provide adequate funding for the wide range of programs administered by the Service which were under-funded for years by the prior Administration. In this respect, the Committee is disappointed that the Administration has requested an overall cut of \$3 million from the FY 2010 appropriated level for the Service's FY 2011 Resource Management account.

### ***National Wildlife Refuge System***

The Committee remains concerned with the long-term operations and maintenance budget backlog facing the National Wildlife Refuge System now estimated by the Cooperative Alliance for Refuge Enhancement (CARE) to be approximately \$3.5 billion. While the Refuge System received another much-needed increase in its FY 2010 appropriations, even the increased amount of \$503 million pales in comparison with the \$808 million recommended by CARE to address annual operation and maintenance needs. The Committee, while appreciative of the Administration's \$20 million increase for Refuge System land acquisition, is concerned that the overall request of \$499.5 million for operations and maintenance represents a \$3.5 million decrease from the previous year's appropriation. Considering that the Refuge System needs an additional \$15 million each year just to cover annual increased costs for uncontrollable expenses, the Administration's request represents a step backwards from progress made after three consecutive years of increased funding. In order to cover ever-increasing costs and also provide additional funds for essential program activities, such as completion of comprehensive conservation plans for all refuges by the year 2013, and to provide new funds to develop management plans for three new marine national monuments, the Committee urges that the Refuge System be funded at an amount that builds upon last year's increased appropriation. Short of that, the prospect of renewed efforts to pare back staff, restructure field operations, and close individual refuges to public use could become an uncomfortable reality.

### ***Endangered Species Program***

The Committee is pleased that the Administration has moved aggressively to restore the credibility and scientific integrity of its Endangered Species Act (ESA) programs and to restore the morale and reputation of the Service's employees charged with its implementation. The Committee will continue to work closely with the Administration to restore transparency, consistency, and accountability in its implementation of the ESA and to ensure that sound science is the basis for decision-making under the law. As the Committee stressed last year, increased funding for ESA programs is of paramount importance to address the backlog in proposed listings and to develop critical habitat designations. The Committee, while certainly appreciative of the \$2 million proposed increase to conduct renewable energy consultations and the \$5.8 million increase for the Cooperative Endangered Species Fund, recognizes nonetheless that the overall request for base funding represents level funding at the FY 2010 appropriated level, which is a disappointment.

### ***Coastal Barrier Resources Act (CBRA)***

Sufficient funding to implement the digital mapping modernization program to improve the accuracy and availability of maps produced under the Coastal Barrier Resources Act (CBRA) remains a high priority for the Committee. According to the 2007 report released by the Government Accountability Office, 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. If even the most modest projections of sea level rise are accurate, the role of this program in preventing or inhibiting development on high-risk coastal barriers will assuredly save the taxpayer even greater amounts in the future.

As has been noted, however, the existing series of 600 hand-rendered paper maps that depict undeveloped coastal barriers desperately needs to be modernized. In the 2006 reauthorization of the Act, the Service was directed to complete the digital transformation of all CBRA maps that was authorized as part of the 2000 reauthorization. A pilot digital mapping program was completed in 2008, and in 2009, the Service filed its final report, including 70 new digitized maps, and completed an extensive public comment period. Considering the substantial practical and technical benefits of digital maps and the relatively low cost to complete the transition to a digital database — roughly estimated at \$12 million — the Committee continues to support this critical modernization effort. Unfortunately, the Administration's Fiscal Year 2011 budget fails to request any funding to support this initiative. In light of the Administration's request of \$171 million to support the Service's Climate Change Adaptation Initiative, the Committee is disappointed that the Administration did not include any funding for CBRA map modernization within this request. The Committee recommends that sufficient funds be provided to allow the Service to continue the transition to a digital data base to modernize this critical tool for preserving coastal habitat, protecting coastal communities facing the challenges of rising seas and increased frequency of severe storms, and reducing future potential costs to taxpayers by billions of dollars.

### ***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 tremendously successful program has become increasingly important as climate change shifts critical bird migration timetables and creates new habitat needs for staging, foraging and nesting areas.

Although the Administration proposed a \$10 million increase in funding for NAWCA in FY 2010, and despite the Congress appropriating \$47.6 million, the Administration has requested only \$42.6 in FY 2011. The Committee considers this decrease to be inconsistent with other partnership conservation initiatives proposed by the Administration, especially its Landscape Conservation Cooperatives and Treasured Landscapes Initiatives, and urges that NAWCA funding be restored to no less than the FY 2010 appropriation.

### ***Neotropical Migratory Bird and Multinational Species Conservation Programs***

The Neotropical Migratory Bird Conservation Act (P.L.106-247) and the international wildlife conservation matching grant programs authorized under the Multinational Species Conservation Fund (MSCF) provide critical funding to support migratory bird projects in the Western Hemisphere and wildlife conservation projects that benefit elephants, rhinos, tigers, great apes or sea turtles around the world. Remarkably effective in leveraging non-federal matching contributions at a ratio of at least 3:1, these programs effectively demonstrate at low cost U.S. global leadership in migratory bird and wildlife conservation. The Committee is disappointed that the Administration has requested \$4 million for the Neotropical Migratory Bird program and \$10 million for the MSCF funds, which reflect 20% reductions from their respective FY 2010 appropriations. New MSCF funds are expected to be authorized by the Congress in 2010 for great cats and rare canids, and for cranes. Additionally, the unmet demand for grants under all of these programs far outstrips available grant funds. As such, the Committee recommends that funding for both the Neotropical Migratory Bird Conservation Act and the MSCF funds receive no less than their respective FY 2010 appropriation.

### **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 vital 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.

The Committee is pleased to see a substantial effort to build the National Oceanic and Atmospheric Administration's (NOAA) capacity to anticipate and respond to climate change. However, while the overall budget proposal for NOAA is 15% higher than the FY 2010 appropriation, with a few exceptions the FY 2011 proposed budget continues the trend of bolstering atmospheric programs, while cutting oceans and water-related functions. In addition, while the Committee supports NOAA's recently announced reorganization to create a National Climate Service line office, the Committee is concerned that subsequent reprogramming requests necessary to facilitate this reorganization might further deplete important ocean, coastal, and fisheries accounts.

### *National Ocean Service (NOS)*

The National Ocean Service (NOS) is the primary federal agency working to preserve America's ocean and coastal resources and to provide essential navigational products and services. The Committee generally supports the increases in NOAA funding to support remotely sensed and advanced climate and ocean research and the maintenance of several applied research facilities and programs within the National Centers for Coastal Ocean Science. As it has become abundantly clear that ocean acidification, harmful algal blooms and other human-induced activities are dramatically affecting the present and future health of the world's oceans, the Committee supports improvements in competitive research to build the infrastructure necessary for real-time data delivery to federal resource managers and non-federal stakeholders.

The Committee is also pleased to note new applied science and technical assistance programs designed to help coastal communities prepare for and deal with the environmental and infrastructure impacts of climate change, especially initiatives supported through NOAA's Coastal Services Center. The Committee further commends the Administration for requesting \$25 million for Coastal and Estuarine Land Conservation grants, which represents a 20% increase over the FY 2010 appropriation to support additional land acquisition in coastal watersheds.

Of particular concern to the Committee, however, is the continued erosion of funding for Navigation Services and the Ocean Resources Conservation and Assessment accounts, including full funding for such important programs as the Integrated Ocean Observation System (IOOS) and NOAA's natural resource damage assessment program. The Committee maintains that as IOOS continues to evolve it will provide real-time ocean and environmental observation data that will quickly become indispensable not only for resource managers, but also for climate scientists and researchers. The Committee is especially concerned by the Administration's request to cut funding by approximately 50% to support regional observations which are essential to further advance important non-federal components of IOOS. The Committee is also disappointed that the Administration has proposed cutting \$3.5 million from NOAA's coral reef conservation program. The Committee recommends restoring funding for this program at no less than the FY 2010 appropriated level and also urges continued support for existing coral reef institutes.

The Ocean and Coastal Management budget, which funds critical geographically-oriented conservation programs such as the National Marine Sanctuary System and the National Estuarine Research Reserve System, and which also provides management grants to support Coastal State Management Programs, would also suffer substantial decreases under the Administration's proposal. While the Committee is pleased to see new initiatives to support coastal and marine spatial planning and to fund regional ocean partnership initiatives, existing OCRM programs which presently advance comprehensive planning, ecosystem-based management, and applied estuarine science and research should not suffer, especially the Office of Marine Sanctuaries which has experienced flat budgets for several years and which now must develop a management plan for the new Rose Atoll Marine National Monument.

### *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. 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 stated intent to fully fund the implementation of the MSRA and its requirements to end overfishing by 2011. However, fulfilling those mandates will require adequate funding for stock assessments, cooperative research and other activities that provide the scientific and technical foundation to meet the statutory deadline for all federally managed stocks to adhere to annual catch limits by 2011. The Administration's FY 2011 proposal abandons these priorities by instead recommending a more than 100% increase in funding for a new national catch share program. Decreases in funding for observer training and cooperative research and no increases in stock assessments, at a time when many stock assessments around the country are years out of date, will further undermine efforts to implement the MSRA requirements using up to date scientific information that scientists and the fishing industry can have full confidence in. Whether intentional or not, the Administration's request with respect to meeting the requirements of the MSRA would appear to benefit only fisheries willing to implement a catch share program while penalizing those that do not. This is not a viable or reasonable national fisheries management policy.

Of similar concern is the lack of dedicated funding for improving and implementing the Marine Recreational Information Program, also mandated under MSRA. Last year, \$3.5 million for this effort came from the Fisheries Research and Management Programs line, and \$5.5 million from the Fisheries Statistics line, for a total of \$9 million in FY 2010. Unfortunately, the program is still not providing reliable, timely data for management, yet the FY 2011 Fisheries Statistics request increased by only \$340,000, which will not be sufficient to meet the requirements of the law and provide reliable data that both managers and recreational fishermen can have confidence in.

The Committee supports, however, the additional \$2.3 million to support the NOAA/U.S. Department of Agriculture Alternative Feeds Initiative to develop aquaculture feeds that require less fish meal and fish oil from marine forage fish.

### ***Office of Atmospheric Research***

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. As noted, the Committee applauds NOAA's decision to form a NOAA Climate Service line office to study and report on the changing climate, including creating a climate portal on the Internet to collect climatic data from NOAA and other sources. The increasing acidity of the world's oceans – and that acidity's growing threat to marine species – are definitive proof that the atmospheric carbon dioxide, which is causing climate change, is also negatively affecting the marine environment. Therefore, the Committee is pleased to see several new competitive research initiatives and \$32.8 million in funding for climate modeling, assessment, sea rise monitoring, ocean observation, and analysis.

Yet these positive steps are undercut by reductions in other valuable programs such as NOAA's Ocean Exploration and Research Program, which would be cut by approximately 11% and by virtual level-funding for the National Sea Grant College Program, one of NOAA's premier extramural applied science and technical assistance partnership programs.

### ***Office of Marine and Aviation Operations***

The Committee is generally supportive of the Administration's request for a combined increase of \$11.8 million to support capital improvements and installation of new technologies on the *Miller Freeman*, and the construction of two new fisheries research vessels (FRV5 and FRV6), including a shallow draft FRV, to replace the aged *Oregon II* and *David Starr Jordan*. While the Committee remains supportive of NOAA's efforts to implement its fleet re-capitalization plan, the Committee remains concerned about the advanced service lives of two of NOAA's hydrographic survey vessels, *Rainier* and *Fairweather*.

## **NATIONAL PARKS, FORESTS AND PUBLIC LANDS**

### **Climate Change**

The FY 2011 President's budget request includes climate change-related funding throughout the Interior Department and the United States Forest Service (USFS) for improved management, scientific research, and data management and dissemination. The budget also proposes establishment of eight Regional Climate Science Centers as well as creation of a network of Landscape Conservation Cooperatives to coordinate adaptation efforts between governmental and private partners.

Overall, the President's proposed budget for the Department of the Interior seeks \$171.3 million for these initiatives, an increase of \$35 million. The largest increases would go to the U.S. Geological Survey and Fish and Wildlife Service, with the Bureau of Land Management receiving \$17.5 million and the National Park Service receiving \$10 million.

The proposed budget for the USFS addresses climate change as part of a new Integrated Resource Restoration (IRR) budget line item. With a proposed budget of \$694 million, IRR allows the USFS flexibility to deal with global warming in an adaptive manner. With a growing wildfire season and increased spread of forest diseases, as well as pine beetle infestations, IRR funding is proposed as a tool for managers to mitigate the effects of climate change through restoration projects.

This proposed focus on coordination, research and dissemination of information is consistent with legislative proposals put forth by members of this Committee.

### **Land and Water Conservation Fund**

As part of the Administration's initiative to fully fund the Land and Water Conservation Fund (LWCF) by FY 2014, funding for NPS federal land acquisition and assistance to states would increase by \$30 million, including increases of 27% for states, and 18% for federal acquisitions.

LWCF, which is authorized at \$900 million annually across all four federal land management agencies and the state-side program, provides funding for federal land purchases for conservation and recreation, and to states, tribes and local governments to enhance outdoor recreation. If enacted, total LWCF funding in FY 2011 for Interior and the USFS would total \$619.2 million, a 29% increase over the FY 2010 enacted level and a 104% increase over the FY 2009 level.

These proposed increases – particularly the resurrection of the stateside program – are remarkable and laudable. Revenues flow into the Fund as a result of continued depletion of off-shore energy resources; reinvestment of those funds in resource conservation on-shore is a successful, balanced, popular and time-tested idea.



## **National Park Service**

The National Park System includes 392 units encompassing more than 84 million acres in 49 states, American Samoa, Guam, Puerto Rico, the Northern Mariana Islands, U.S. Virgin Islands and the District of Columbia. The National Park Service (NPS) expects to employ 21,501 full-time employee equivalents in FY 2011. In 2009, more than 285 million people visited the national parks, an increase of almost 4% over 2008.

The Administration is requesting \$2.7 billion for the NPS in FY 2011, of which \$2.3 billion is for operation of the National Park System. This represents an increase of \$35.3 million over the FY 2010 enacted level for park operations.

However, the increases for operations come at the expense of non-operations accounts, with reductions from enacted levels in construction and major maintenance (-\$44.6 million), the Historic Preservation Fund (-\$25 million) and national recreation and preservation (-\$17.4 million).

Funding increases for park operations are necessary and appropriate. However, increased investment in programs designed to sustain the long-term health of parks is critical and should accompany increases for current operations.

### ***Youth in Natural Resources Initiative***

Interior Secretary Ken Salazar announced at his budget briefing on February 1, 2010, that by the end of 2011, he intends to increase the employment of youth (15 to 25 years of age) involved in the Department's conservation mission by 50%. As part of that effort, the budget proposes to more than double funding for youth internships to introduce high school and college-aged young people to career opportunities in natural and cultural resources management.

The increase, from \$5 million to \$10.8 million, would enable 27 parks to develop or expand educational and hiring programs, including programs aimed at attracting historically underserved populations to the National Park System. Members of the Committee have sponsored authorizing legislation for such a youth initiative.

### ***Historic preservation***

The budget proposes to eliminate two pass-through grant programs, Save America's Treasures (-\$25 million) and Preserve America (-\$4.6 million). The budget also proposes to eliminate all statutory or contractual aid (currently totaling \$5.9 million) to various historic sites. This program provides planning, development, or operational assistance to natural, historical, cultural or recreation areas that are not managed by the National Park Service. These proposed reductions to pass-through funding for historic preservation are unfortunate and should be enacted only if matched by an increase in the National Park Service's own budget for preservation of historic and cultural resources.

### ***National Heritage Areas***

The budget request proposes to halve funding for national heritage areas, from \$16.8 million to \$8.0 million for FY 2011. Such a reduction would be short-sighted. The Heritage Area program has proven enormously popular and, in most cases, successful in protecting, preserving and interpreting historic and cultural resources that, while they may not qualify for inclusion in the National Park System, are significant nonetheless. Recent studies have documented that each federal dollar invested in a National Heritage Area generates many multiples in private funding – a return on investment not achieved by many other federal expenditures.

### ***Maintenance***

The National Park Service has for years faced a backlog of maintenance for park facilities. That backlog is now estimated by the National Parks Conservation Association at more than \$9 billion -- twice what it was a decade ago. This budget request includes \$701 million for facility operations and maintenance, which is essentially level funding.

In addition, the reduction of \$44.5 million (to \$195.2 million) in line item construction and maintenance means less funding to repair sewer systems, address asbestos and mold hazards and other safety needs, rehabilitate historic buildings, and remove dangerous debris, thus adding to the long-term maintenance backlog.

### **Forest Service**

Congress established the Forest Service as an agency within the U.S. Department of Agriculture in 1905. The Forest Service manages 193 million acres of national forests and grasslands in 44 states, Puerto Rico and the Virgin Islands. These lands comprise 8.5% of the land mass of the United States, an area approximately the size of Texas. The Forest Service expects to employ 35,716 full time equivalent employees in the coming fiscal year. The National Forest System received approximately 187 million recreational visits in 2009. The FY 2011 Forest Service budget request totals \$5.38 billion in discretionary appropriations, a \$23 million program increase over FY 2010 enacted levels.

### ***Wildland Fire Management***

The President's Budget for FY2011 takes a three-tiered approach to wildland fire activities on public lands; dividing funding among normal, appropriated suppression activities, the FLAME Wildfire Suppression Reserve Fund, and the Presidential Wildland Fire Contingency Reserve. For the Forest Service, the three tiers taken together would fund the 10-year average with a total of \$1.5 billion. The Department of the Interior has would receive a proposed \$139 million for suppression activities.

In order to address the accounting issues that arise from responding to large wildland fires, each tier of funding requires that a different set of criteria be met. The suppression accounts are proposed as the first tier of funds. The second tier, the FLAME Wildfire Suppression Reserve Fund, requires that the relevant Secretary make a declaration, which can happen if a fire is larger than 300 acres in size or the Secretary determines the fire requires an emergency federal response. Lastly, the Presidential Wildland Contingency Reserve requires a Presidential Finding before the funds are released. Specifically with regard to the Forest Service, the Administration expects that this approach will stop the agency from being forced to transfer funds from non-fire accounts into fire suppression. In the past, these transfers have significantly disrupted other agency programs.

Creation of separate funding streams available for extraordinary, wildfire events is consistent with legislation developed by this Committee and is an important step in restoring the Forest Service's ability to fund the other aspects of its mission.

### ***Integrated Resource Restoration***

The largest change in the President's FY 2011 Budget for the Forest Service comes in the form of a new National Forest System budget line item: Integrated Resource Restoration. The new category combines three previous line items: Wildlife and Fisheries Habitat Management, Forest Products, and Vegetation and Watershed Management. In addition, the Collaborative Forest Landscape Restoration Fund and a new Priority Watershed and Job Stabilization Initiative have been included. The FY 2011 budget proposes \$694 million for the newly structured budget line item.

The goal of this new budget line item is to accomplish landscape-scale restoration work by using collaborative tools, such as stewardship contracting. This approach would mean a single project could include timber sales, hazardous fuels reductions, and fish barrier removals, among other possible components. The Forest Service believes that the ability to combine types of work in order to address the restoration needs of large landscapes will give them more administrative efficiency and allow them to simplify and standardize contracting requirements.

### ***Capital Improvement & Maintenance***

The Capital Improvement and Maintenance section of the FY 2011 proposed budget includes \$438 million, which is a 22% decrease from FY 2010 enacted levels. This proposal includes no funding for building new roads or upgrading current roads, which means the Roads budget line item request is \$164 million, a 31% decrease from FY 2010 enacted levels. Instead, the Forest Service says it will focus its roads funding on maintenance of the existing transportation system. However, the budget line items necessary for maintaining and decommissioning roads have also been proposed for cuts. For example, the Legacy Roads and Trails program has a proposed 44% decrease in funding from FY 2010 enacted levels.

## **Bureau of Land Management**

The Bureau of Land Management (BLM) manages 262 million surface acres and approximately 700 million acres of subsurface minerals, predominantly located in 11 contiguous western states 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.

In 2011, it is estimated that 57 million people will visit BLM lands. Public lands will generate \$4.5 billion in revenues in FY 2011. The Administration is requesting a total of \$1.1 billion for the BLM. While this is an increase of \$8 million over the FY 2010 enacted levels, it continues the trend of relatively level funding over the past several years.

The FY2011 budget increases funding to cultural resources programs and wilderness management, while emphasizing conservation through investment in the National Landscape Conservation System and the Land and Water Conservation Fund (LWCF). However, there are substantial reductions proposed for the BLM's natural resource management programs, transportation and maintenance programs, and most notably, there are across the board cuts to the base operations of the BLM.

### ***The National Landscape Conservation System and Treasured Landscape Initiative***

The National Landscape Conservation System (NLCS) consists of 27 million acres of BLM's most scenic and valuable areas conserved for their unique natural, cultural or scientific significance. The Omnibus Public Lands Management Act (P.L. 111-11) codified the system and added nearly 928,000 acres of wilderness, one national monument, four national conservation areas, 367 miles of wild and scenic rivers, and 40 miles of national scenic and historic trails.

The FY 2011 budget proposes to increase funding for the NLCS by \$1.3 million, including \$216,000 for the NLCS specifically, with another \$1.1 million for the Wilderness Management program. The Wilderness Management funds will go to the management of many of the new areas designated in P.L. 111-11.

As part of the Treasured Landscape initiative, the BLM's LWCF account includes \$83.7 million for land acquisition, an increase of \$54 million above the 2010 enacted level. However the budget does call for the end of the Challenge Cost Share program – a program that allows volunteers and researchers to leverage scarce dollars with a BLM matching grant to engage in research, restoration and other important activities within the NLCS.

## *Energy Development*

Renewable energy opportunities will play a growing role in BLM resource development in FY 2011. The administration's proposal adds \$3 million to the Land and Realty Management program, allowing for National Environmental Policy Act groundwork on potential energy zones for wind and solar power. This will allow the BLM to fast track permits when new renewable energy zones are authorized.

However, even with this increased focus on renewables, nearly 85% of BLM's energy budget continues to be directed toward conventional energy extraction and compliance costs. In an effort to increase overall oil and gas production, BLM proposes to use fees to compel energy companies to take steps to develop existing leases which remain idle. The BLM further assumes that proposed cost-recovery fees on oil and gas well inspections will offset a \$10 million reduction in base funding for the BLM.

## **WATER AND POWER**

### **Bureau of Reclamation**

The Bureau of Reclamation (Reclamation) was established in 1902 and is responsible for the development of federal water supply and power generation facilities in 17 western states. Reclamation is the largest supplier and manager of water in the West with 476 dams and 348 reservoirs, which have a combined capacity to store 245 million acre feet of water. Reclamation provides water to customers for irrigation, municipal and industrial use, and rural water supply use. This water serves more than 31 million people and irrigates over 10 million acres of land which produce 60% of the nation's vegetables and 25% of the fruit and nut products consumed. Reclamation is the nation's second largest producer of hydroelectric power, generating 44 billion kilowatt hours of energy each year from 58 power plants.

### ***Budget Overview***

Reclamation's FY 2011 budget request is \$1.18 billion. A majority of the \$1.18 billion funding request – \$914 million – is for the Water and Related Resources program. The Water and Related Resources category is separated into five major program activities. In addition to their historic mission programs, there are new Secretarial Initiatives, including the WaterSMART Program and Climate Change Adaptation.

The Committee supports the Secretarial WaterSMART initiative, but is concerned about how the Reclamation budget request reflects upon its mission priorities and its overall commitment to water management and conservation. The Committee also would like to see an increase in overall funding for the Bureau of Reclamation.

### ***WaterSMART Program***

The WaterSMART (Sustain and Manage America's Resources for Tomorrow) program is a repackaging of the former Administration's Water 2025 initiative. The Administration has requested funds for this program equal to \$62 million. The WaterSMART program concentrates on expanding and stretching the limited water supplies in the West. Three primary components are funded under this program: water grants (\$27 million); basin studies (\$6 million); and the Title XVI Water Reclamation and Reuse Program (\$29 million). Reclamation proposes to coordinate competitive grants for water marketing and conservation projects, basin-wide planning studies to identify the water related impacts of climate change, identify potential adaptation measures, and address comprehensive water supply and demand in the West.

Of continuing concern to the Committee is the approach that Reclamation has taken to the Title XVI program. Since its authorization in 1992, Title XVI has provided local water districts and areas with the opportunity to develop and stretch local water supplies. Currently, there is a \$650 million backlog of Title XVI projects that have been authorized by Congress but have yet to be funded. The Committee is pleased to see the FY 2011 proposal for \$29 million, but is concerned that it does little to address the backlog of projects. The Committee believes that Reclamation needs to identify a process to review the backlog of projects and determine the viability of those projects and whether they still deserve to remain on the authorized list. Secondly, the Committee believes that the Title XVI program provides a viable approach to develop water resources on a faster time line than traditional Reclamation water development projects. To address the immediate drought concerns in the West, the Committee believes that a substantial increase to this program is necessary.

### ***Funding for Indian Water Rights Settlements***

Comprehensive Indian water rights settlements allow for water supply certainty through the resolution of certain water claims between tribal and non-tribal parties. One of the most common impediments to water rights settlements is securing sufficient funds to implement settlement agreements. With the passage of P.L. 111-11, Congress has approved a total of 23 Indian water rights settlements.

The Committee strongly supports the increase in funding for a variety of water-related activities to support tribal nations. Specifically, the Committee is pleased to see an increase of \$1.2 million, for a total of \$7.5 million for the Native American Affairs Program. This program funds Reclamation activities for the negotiation or implementation of Indian water rights settlements. The Committee also supports the funding of five enacted Indian water rights settlements, for a total of \$44 million dollars.

Like the Administration, the Committee supports the resolution of Indian water rights claims through negotiated settlements. The Committee supports the Department in empowering tribal nations through these funding activities, and hopes this continues to be a priority in the future.

### ***Science, Technology and Research***

The FY 2011 budget request is for \$11.5 million for climate change and management of invasive mussels in the West. Key program areas include: water delivery reliability; improving infrastructure reliability and safety; improving water operations decision-making support; and, advancing water supply and efficiency solutions. Desalinization and water purification research program funding for FY 2011 is \$3.7 million and will be expended primarily on agreements with academic researchers at Alamogordo, New Mexico.

The Committee strongly supports that the science and research program be continued in the areas of desalination, invasive species and integration with the Secretary of the Interior's climate center initiative. Climate change will directly affect hydrology. A more active effort should be made to integrate Reclamation's research results with those of other agencies and user groups.

### ***Bureau-wide Programs***

The FY 2011 budget identifies 22 programs and activities that cross-cut across the Reclamation program. The five Regional Offices coordinate their activities with the Commissioner's Office and the Denver Technical Service Center. The Denver Office operates as a fee-for-service entity, but it is unclear how the various functions that the Denver Office performs (sedimentation, environmental services, remote sensing, planning, hydrology, and power) are supported. As such, the Denver Office needs to provide a better justification of how its operations are supported.

### ***California Restoration Efforts***

The FY 2011 budget includes four major areas of environmental restoration: California Bay-Delta Restoration; San Joaquin River Restoration; Trinity River Restoration; and Klamath Basin Restoration. The California Bay-Delta program request is for \$171.7 million for operating, managing and improving California's Central Valley Project (CVP). The San Joaquin River Restoration Settlement request of \$72.1 million is for restoring river channels and mitigating third-party impacts associated with restoration flows. A \$1 million allocation from the CVP Restoration Fund and a request of \$16.7 million from Water and Related Resources is included for the Trinity River Restoration program for the development of a comprehensive monitoring and adaptive management program. The Klamath project request is for \$22.5 million and includes funds for studies and initiatives related to improving water supplies, water quality, and a basin-wide recovery plan. Reclamation has also included a request of \$5 million to assess the costs and benefits of removing the four dams on the Klamath River. The Committee strongly supports restoration activities in which Reclamation is engaged for the purpose of operating water projects to achieve the co-equal goals of delivering water and maintaining healthy ecosystems.

### ***Permanent Appropriations***

Reclamation has permanent authority to fund certain activities, and it estimates it will use \$167 million in mandatory budget authority in FY 2011. The Committee intends to exercise greater oversight over the use of mandatory funds by Reclamation.

### ***Policy and Administration***

The FY 2011 budget request for Policy and Administration is \$61.2 million. This budget element finances all of Reclamation's centralized management functions. Management of Reclamation's water resource activities in the 17 western states is carried out by five regional offices, the Commissioner's office in Washington, D.C., and the Denver Technical Service Center. The Committee is interested in exploring the way that Reclamation is implementing the Management for Excellence Program and the recommendations from the National Research Council regarding Reclamation organization and activities.

### **USGS Water Resources Investigations Division**

Since 1879, the U.S. Geological Survey (USGS) has been involved in issues related to water availability, water quality, and flood hazards. This work includes: collection, management, and dissemination of hydrologic data; analysis and modeling of hydrologic systems; and research and development to investigate new water management methods and to increase our overall understanding of water resources.

The President's budget request for the USGS's Water Resources Investigations for FY 2011 is \$228.8 million, a decrease of \$3.5 million. Part of this decrease is a result of the USGS's efforts at internal reductions to increase efficiency and returning more than \$11.5 million to the general funds of the Department of the Interior and the Bureau of Reclamation. At the same time, several earmarked projects have lapsed, resulting in a net decrease in funding to the water program. As a result, the FY 2011 budget request for the USGS Water Resources Investigations proposes several important changes.

The Committee is encouraged to see an increase in funding to the USGS portion of the WaterSMART program. At a time when climate variability is impacting the rate and timing of water supply throughout the nation, good data and research are needed to inform water management decisions that need to be made in order to adjust to the earth's dynamic water system. While the Committee is pleased to see an increase in funding for this program, the Committee is also concerned that there is the potential for a loss of data by diverting funds to the WaterSMART program to fund new projects. We hope that the increase for the WaterSMART program within USGS does not negatively affect the budgets for the Service's historic mission programs, like the National Streamflow Information Program.



### ***Hydrologic Monitoring, Assessments and Research***

Hydrologic Monitoring includes the collection and distribution of water data that is vital in supporting best water management practices. The Administration has requested \$158.7 million for Hydrologic Monitoring, Assessments, and Research, which is a decrease of \$1.5 million. There is also a proposed decrease of \$578,000 to the National Streamflow Information Program (NSIP), which provides streamflow information to help protect life and property from floods and to manage our water resources and aquatic environment. This decrease also could affect the operation and maintenance of stream gages, which are critical to our ability to predict the effects of climate change on water supplies. As science has become essential to the debate surrounding the best uses of scarce water resources, the Committee encourages the Administration to fully fund Hydrologic Monitoring operations to help water managers make the best decisions possible.

The USGS Cooperative Water Program is an ongoing partnership between the USGS and non-federal agencies. The program has been in existence for more than 100 years, jointly funding water resources investigation projects in every state, Puerto Rico, and several other U.S. territories. The Administration has requested \$63.6 million for the Cooperative Water Program, which is a decrease of \$1.96 million and is below the FY 2009 enacted amount of \$64.1 million. This is a highly cost-effective program, relying on more than 1,400 partners across the country for most of the financial support. The program is successful only because cooperators have increased their share of project funding. The USGS share of this program is grossly underfunded, and the Committee strongly recommends that funds be restored to an adequate level.

### **Power Marketing Administrations, Department of Energy**

The federal Power Marketing Administrations (PMAs) were created to market and deliver electricity generated mainly at federal dams owned by the Bureau of Reclamation and the U.S. Army Corps of Engineers. A portion of the hydropower generated at federal facilities, particularly in the western United States, is used to operate irrigation pumps. Any excess power is sold to preference customers, which are mainly non-profit rural electric cooperatives, public utility districts, municipalities, and irrigation districts.

Preference power is sold at cost-of-service based rates, which are designed to repay a share of the federal capital investment in federal electricity generation and transmission facilities, the annual operation and maintenance of such facilities, and federal staffing. Cost-of-service based rates also include the costs of replacement power that the PMAs purchase to cover lost hydropower generation resulting from environmental mandates and drought.

The four PMAs under the Committee's jurisdiction are the Bonneville Power Administration (BPA), the Western Area Power Administration (WAPA), the Southwestern Power Administration (SWPA), and the Southeastern Power Administration (SEPA). While the Administration has not proposed any new authorities for the PMAs in its Fiscal Year 2011 budget request, recent initiatives enacted by the Congress gave the PMAs new authorities to carry out work that the Committee strongly supports.

### ***Borrowing Authority***

The American Recovery and Reinvestment Act of 2009 (Stimulus Act) provided both BPA and WAPA with \$3.25 billion in borrowing authority. The Committee supports the use of borrowing authority by BPA and WAPA for the unique responsibilities of each agency.

The Bonneville Power Administration serves power customers in the Pacific Northwest. It provides roughly 35% of the region's power and owns 75% of the region's high-voltage transmission. BPA is the electricity balancing authority in the region and it is statutorily required to meet the load growth of its customers should they so choose.

BPA has had borrowing authority since 1974. BPA uses revenues from power customers and its borrowing authority to completely fund all of its activities. In addition to delivering hydropower to customers from the federal Columbia River Power System, BPA has programs to: protect, mitigate, and enhance wildlife in the Columbia River Basin; to encourage energy conservation and efficiency; and, to develop renewable energy resources.

The vast expansion of wind and other renewable energy resources in the Pacific Northwest requires tremendous investment in high-voltage transmission. BPA acknowledged that it faced substantial financial constraints in trying to accommodate new wind power prior to the enactment of the Stimulus Act. Since that enactment, BPA has announced the build-out of one transmission project and is in the advanced stages of planning three more. BPA testified to the Committee in March 2009 that those projects would not have been possible within the timeframe needed without additional borrowing authority. The Committee strongly commends BPA's aggressive financing of new transmission to support renewable energy expansion in the Pacific Northwest, as well as its continued expenditure of funds to protect fish and wildlife and conserve energy.

The Western Area Power Administration serves power customers in 15 Western states. With ownership of more than 17,000 miles of high-voltage transmission and customers in a service area of 1.3 million square miles, WAPA is the largest PMA. Prior to the enactment of the Stimulus Act, WAPA's sole mission was to deliver federal hydropower to its customers across the West.

In the Stimulus Act, WAPA received \$3.25 billion in borrowing authority to fund a new mission for the agency – to construct green transmission lines to help facilitate the expansion of renewable energy resources within its service territory. One of the major impediments to the expansion of renewable energy resources is the lack of high-voltage transmission located in the remote Western areas where the best renewable energy generation potential exists. Even if transmission lines in these remote areas are acceptable environmentally, frozen credit markets continue to greatly limit financing to build what can be multi-billion dollar transmission projects.

Since the enactment of its new borrowing authority program, WAPA already has announced funding for one transmission project that runs from a terminus in Montana to Alberta, Canada. The line is expected to facilitate the generation and transmission of hundreds of megawatts of wind power in Montana. The Committee lauds WAPA's effort to finance green transmission projects that will tap into the West's abundance of renewable energy resources while creating badly-needed jobs in rural Western economies.

### ***Net-Zero Budget Authority***

WAPA, SWPA, and SEPA have to rely on the appropriation of discretionary funds to finance their operation and maintenance programs. Prior to 2010, the agencies collected power revenues from customers, which were classified on the mandatory side of the budget, but only were able to expend discretionary funds provided in annual appropriations acts. At times, this resulted in customer groups paying substantial amounts of money to the three PMAs for major maintenance projects within their service territories only to see those funds not be appropriated in a timely manner, if at all, because the Committees on Appropriations must balance competing demands for limited funds.

The Energy and Water Development and Related Agencies Appropriations Act, 2010 reclassified mandatory revenues collected by WAPA, SWPA, and SEPA associated with annual expenses as discretionary offsetting collections. Therefore, some power revenues collected from customers now count as a credit against discretionary funding. If WAPA, SWPA, and SEPA funding requirements for operation and maintenance are equal to or less than the offsetting collections they receive from customers, they do not need to seek additional appropriated dollars from the Committees on Appropriations (funding for capital projects still require net-positive appropriations). In theory, customer groups that pay money to the three PMAs for large maintenance costs are now more certain to have those funds expended on the projects they wish to fund in a timely and efficient manner.

The Committee supports net-zero discretionary funding for the operation and maintenance activities of WAPA, SWPA, and SEPA, subject to the oversight of this Committee as well as the oversight of the Committees on Appropriations. The Committee strongly believes that WAPA, SWPA, and SEPA need to continue to engage with their customer groups, as appropriate, when making programmatic and budgetary decisions given the new funding flexibility provided by net-zero budget authority.

## **ENERGY AND MINERAL RESOURCES**

The President's Fiscal Year 2011 Budget Proposal for the energy and mineral resources programs embodies several key Democratic Majority goals for America: jobs, transparency and accountability. By realigning fiscal resources within the Bureau of Land Management (BLM), Minerals Management Service (MMS), the Office of Surface Mining Reclamation and Enforcement (OSMRE), and the U. S. Geological Survey (USGS), the President's budget will:

- create new jobs in the renewable energy sector by prioritizing green energy development;
- move us forward by expanding efforts in climate science and carbon sequestration; and
- maintain the Nation's preeminence in fossil fuel production while implementing necessary reforms in the conventional energy programs.

### ***Oil and Gas***

The Committee supports the Administration's adoption in the budget of a number of Committee proposals from the 110<sup>th</sup> Congress and H.R. 3534, the Consolidated Land, Energy, and Aquatic Resources (CLEAR) Act of 2009, including the creation of a diligent-development fee on non-producing oil and gas leases, reforming the royalty system to increase the return from oil and gas production on federal lands, advancing marine spatial planning efforts in our nation's oceans, and eliminating unnecessary royalty relief for oil and gas companies for offshore leases. Clearly, with mineral receipts totaling more than \$34 billion in FY 2008 and 2009, it is imperative that the Administration ensure that mineral development of the public lands is conducted in the manner that best serves the public.

In particular, the Committee supports the Administration's decision to include new diligent development provisions in certain leases as part of the upcoming sale in the Central Gulf of Mexico planning area in the Outer Continental Shelf (OCS). By requiring lessees to drill wells as a condition of getting the final three years on the initial terms of their leases, the Administration recognizes how deepwater drilling technology has sufficiently advanced to the point that shorter lease terms are feasible, and also provides an additional incentive for companies to diligently develop their leases.

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 FY 2009, oil and gas activities on the OCS brought in nearly \$6 billion in bonus bids, rentals, and royalties. As a major source of energy and revenue for the United States, the Administration's steps to ensure greater transparency and accountability are to be commended. The Administration's termination of the scandal-plagued Royalty In Kind program is a huge step towards ensuring that royalties are collected fairly and consistently from every leaseholder, and the Committee supports the proposed increases in the budget necessary to provide for the return to taking all royalties in value. The Committee also strongly supports the proposed increases in auditing and compliance work, which are essential for ensuring that the American people receive their fair share for the use of their natural resources.

Historically, the Bureau of Land Management and the Minerals Management Service, the federal agencies tasked with 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 this Committee, there has been gross malfeasance in the federal oil and gas program. As former Interior Department Inspector General Earl Devaney said in 2008, "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.

As the federal oil and gas program directly benefits operators wishing to extract oil and natural gas from public lands, the Committee believes it is appropriate to require those operators to pay a fair share of the costs of running that program. The Committee therefore supports the proposal to initiate inspection fees for onshore oil and gas operators and to raise the existing fees on offshore operators.

Additionally, the Committee believes the Administration needs to continue to work cooperatively 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 need 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;
- the need to address shortcomings in the Bureau of Land Management's reclamation bond requirements for oil and gas operators;
- needed 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; and

- the need to address concerns that resource management plans and leasing decisions are increasingly inconsistent with agency stewardship requirements.

### ***Alternative Energy On-shore and Off-shore***

The Committee commends the Administration for its decision to provide a nearly 25% increase for renewable energy as part of its New Energy Frontier initiative, which will help complete 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. The Committee is concerned about backlog of nearly 130 solar applications pending before the Bureau of Land Management, but is encouraged that the Department of the Interior is planning to approve permits for 13 of these before the end of 2010. The Committee also supports the Administration's efforts to encourage geothermal energy development on public lands. The Committee was pleased by last year's issuance of final regulations for permitting renewable energy on the OCS, and encourages the Department's efforts to move forward in conjunction with states to advance offshore renewable energy in an environmentally sound manner. The Administration's commitment to marine spatial planning is also in line with Committee priorities.

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***

The Committee commends Secretary Salazar for his actions to pursue an informed path and measured pace with regard to oil shale development in Colorado, Utah, and Wyoming. Appropriately, the Interior Department recently solicited a second round of oil shale Research, Demonstration, and Development (RD&D) leases, but with diligent development milestones and requirements that applications include plans to conserve water and limit carbon dioxide emissions, unlike the first round of leases offered in 2007. Such information is essential to help answer key questions about the viability and impacts of oil shale production on a commercial scale.

The Committee also supports the allocation of resources necessary to conduct a thorough review by the DOI's Inspector General of the circumstances surrounding the lease addenda which the previous Administration offered just days before leaving office to the energy companies that held the first six RD&D leases—addenda that would lock in low royalty rates, among other advantages.

### ***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 more than 300 years. The technology is still under development, but many experts are optimistic about its advancement. The Committee believes the Administration must continue to 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 this Committee to develop a recommended framework for managing geological sequestration on public lands.

### ***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 bring the nation's hardrock minerals policy into the 21<sup>st</sup> century. Unlike nearly every other country in the world, 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, which is currently under consideration by this Committee and nearly identical to a bill (H.R. 2262) which passed the House in October 2007 on a strong bi-partisan vote. CBO projected that these provisions would increase revenues by \$160 million in the first five years after enactment—a 2007 calculation based substantially on mineral prices, such as gold, at about \$600 an ounce; gold prices have since ranged well over \$1,000 an ounce. The Committee emphasizes that securing a fair return from hardrock mining on public lands is essential, in particular to fund the reclamation of hundreds of thousands of abandoned hardrock mines. Reclamation funding, in turn, creates jobs.

### *Office of Surface Mining, Reclamation, and Enforcement*

The committee is concerned about proposed cuts within the Office of Surface Mining, Reclamation, and Enforcement (OSM). Reductions of 15% (below FY 2010 funding) for State and Tribal Regulatory grants, and the phase-out of funding for state emergency programs, come at a time when many states face difficult choices to either cover coal program costs with other state funds or to reduce their oversight and inspection efforts in the face of growing demands. Many states express concern that they already maintain lean regulatory programs, even as their grant funding is decreasing and costs are rising for salaries, benefits, and travel. As OSM has noted in past budget justifications, the state regulation of coal production continues to be a cost-efficient means for the federal government relative to what it would cost for the federal government to run these programs; however, state programs must be adequately funded and staffed to insure that permitting and inspections are thorough and timely.