

STATEMENT OF GALE A. NORTON
SECRETARY OF THE INTERIOR
BEFORE THE SENATE APPROPRIATIONS SUBCOMMITTEE
ON INTERIOR AND RELATED AGENICES

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I am pleased to be here today before the Subcommittee on Interior and Related Agencies to discuss with you the fiscal year 2004 budget for the Department of the Interior. I appreciate the opportunity to highlight a number of important initiatives and to answer questions that you might have.

As an introduction to our 2004 budget request, I'd like to offer some observations about the Department's mission. We take a great deal of pride in our mission to:

- Protect and manage the Nation's natural resources and cultural heritage;
- Provide scientific information about those resources; and
- Honor our special responsibilities to American Indians, Alaska Natives and affiliated Island Communities.

Our responsibilities touch the lives of each individual across the Nation. How well we fulfill our mission influences:

- Whether farmers will have water and people can turn on the tap;
- Whether our children will enjoy America's grand vistas, places, and history;
- Whether we can hike, bird watch, canoe, or hunt and fish in the great American outdoors; and
- Whether our landscapes are healthy and our communities are thriving.

Budget Overview

Our 2004 \$9.8 billion budget request provides the single clearest statement of how we plan to honor these commitments in the upcoming year. It lays the foundation for us to build a legacy of healthy lands and thriving communities, including:

- Resource Protection - Reflecting the Department's multiple missions, the budget proposes \$2.5 billion to fund programs that improve the health of landscapes, sustain biological communities, and protect cultural resources.
- Serving Communities - The budget proposal includes \$5.0 billion to serve communities through fire protection, generation of scientific information, education investments for American Indians, and through activities to fulfill responsibilities

toward American Indians, Alaskan natives, and the Nation's affiliated island communities.

- Resource Use - Interior lands include many working landscapes where ranchers, energy partners, and other entrepreneurs help maintain thriving American communities and a dynamic economy. The budget includes \$728 million to provide access for these important uses.
- Recreation - \$1.4 billion in FY 2004 budget investments will ensure recreational opportunities for all Americans in the network of public lands, parks and refuges that the Department administers.

In total, the 2004 budget is the largest presidential request in the Department's history. The 2004 request includes \$9.8 billion for programs funded in the Interior and Related Agencies Appropriations Act, an increase of \$369.8 million or 3.9 percent over the 2003 enacted level. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional \$3.0 billion, for a total 2004 Interior budget of \$12.8 billion. The Department anticipates that it will collect \$7.8 billion in receipts in 2004, equivalent to 73 percent of Interior's current appropriations request.

Trust Programs

Over one-half of our \$369.8 million increase for 2004 will fund trust reform initiatives. While the overall budget request is approximately 3.9% over the FY 2003 request, our FY 2004 Indian trust budget request is almost 50% higher than what was included in the 2003 appropriations act.

Fulfilling our Trust responsibilities remains one of the Department's greatest challenges. The Department has responsibility for the management of 100,000 leases for individual Indians and Tribes on a land trust that encompasses approximately 56 million acres. Leasing, use permits, sale revenues, and interest of approximately \$226 million per year are collected for approximately 230,000 individual Indian money accounts, and about \$530 million per year are collected for approximately 1,400 tribal accounts per year. In addition, the trust manages approximately \$2.8 billion in tribal funds and \$400 million in individual Indian funds.

Interior faces many challenges in reforming the management of its Indian trust responsibilities. First, the Department has not been well structured to focus on its trust duties. Second, fractionated interests in individual Indian allotted land continue to expand exponentially with each new generation. Today, there are approximately four million owner interests in the 10 million acres of individually owned trust lands. These four million interests could expand to 10 million interests by 2030 unless an aggressive approach to fractionation is taken. There are now single pieces of property with ownership interests that are less than 0.000002 of the whole interest.

Third, there are 230,000 open individual Indian money accounts, the majority of which have balances under \$100 and annual transactions of less than \$1,000. Interior maintains thousands of accounts that contain less than one dollar, and has a responsibility to provide an accounting to all account holders. Unlike most private trusts, the Federal Government bears the entire cost of administering the Indian trust. As a result, the usual incentives found in the commercial sector for reducing the number of accounts do not apply to the Indian trust.

An increase of \$114.1 million for the Office of Historical Trust accounting will support the Department's plan to conduct a historical accounting for individual Indian money accounts and to account for funds in Tribal accounts. On January 6, 2003, the Department presented a plan to the District Court in *Cobell v. Norton* for the historical accounting for about 260,000 IIM accounts. The work described in that Plan is expected to take five years to complete and is preliminarily estimated to cost approximately \$335 million. The budget includes \$130.0 million for these historical accounting activities. Funds also will be used to provide for historical accounting activities related to tribal accounts.

The 2004 budget proposes \$21.0 million for Indian land consolidation, an increase of \$13.0 million, to expand pilot efforts to reduce the fractionation of individual land ownership interests into a nation-wide program. During 2003, we will establish a national program office, standardize business practices, and develop a strategic plan to guide expansion to more tribal reservations.

Interior is reorganizing trust functions in BIA and OST. The new organization was developed after detailed analysis of the prior organization and a year-long consultation process with tribal leaders. In one of the most extensive consultation efforts ever undertaken by the senior management level at the Department on any issue relating to Indian Country, over 45 meetings with tribal leaders provided detailed findings and recommendations. The new organization reflects a synthesis of the views heard during the consultation process. It will meet fiduciary trust responsibilities, be more accountable at every level, and operate with people trained in the principles of trust management. The 2004 budget provides an increase of \$15.0 million to support the new organization, which together with base funding available in BIA and OST will provide resources needed for the new organization in 2004.

The proposed \$183.8 million increase for trust management reforms includes funding to help rebuild Bureau of Indian Affairs information technology infrastructure to support trust and non-trust programs. The BIA's information infrastructure and security use outmoded hardware and software that do not meet lifecycle management and systems architecture principles, and do not comply with the security requirements of OMB Circular A-130 and the Government Information Security Results Act. The Department requests IT funding for the significant new investments needed to address these challenges. The 2004 budget includes increases of \$29.6 million for a ground-up rebuilding of the BIA IT infrastructure to support trust, as well as non-trust programs, and

\$2.5 million for Interior-wide IT security. The proposed rebuilding will fit within the enterprise architecture and includes full business cases for proposed investments.

The 2004 budget also proposes an increase of \$4.5 million to accelerate a new strategy to administer, manage, search, retrieve, and store trust records. Reform efforts to date have improved records collection and security. However, recent Interior reviews have resulted in a reassessment of the resource requirements needed to establish proper records retention schedules, establish and implement record keeping requirements, safeguard records, implement and maintain training programs, and meet records-retrieval needs in an effective and cost-efficient way.

Cooperative Conservation Initiative

The 2004 budget lays the foundation for a legacy of healthy lands, presenting a blueprint for fulfilling the President's vision of a new environmentalism of citizen stewards and cooperative conservation. Building partnerships lies at the heart of this effort. Last year's budget proposed a Cooperative Conservation Initiative. This year, our budget again includes a Cooperative Conservation Initiative, structured around bureau Challenge Cost Share programs and other existing cooperative conservation grant programs.

The Cooperative Conservation Initiative, funded at \$113.2 million, will empower citizen stewards to conserve and protect natural resources, while also achieving important community and economic goals. The Initiative builds on existing conservation partnership programs and will provide new and expanded opportunities for landowners, land managers, and others to participate in projects that foster innovation and create incentives for stewardship. Our budget also provides funds for a public lands volunteers program.

The 2004 CCI request builds upon Interior's long history of working collaboratively with others. It builds on existing conservation partnership programs, including the challenge cost share programs of the Bureau of Land Management, Fish and Wildlife Service, and National Park Service, as well as FWS's Partners for Fish and Wildlife program, Coastal program and Migratory Bird Joint Venture program. This initiative also funds a program of volunteers to increase public awareness of, and appreciation for, natural and cultural resource protection.

The CCI request includes a \$9.1 million increase for the Partners for Fish and Wildlife program, the largest increase ever provided to this program. The Fish and Wildlife Service will partner with 2,500 additional landowners on the program's waiting list. These new partnerships will restore an additional 19,298 acres of wetlands; 83,601 acres of native grasslands, forest and other uplands; and 241 miles of riparian and in-stream habitat over 2003 levels.

Conservation Grants

The Private Stewardship grants and the Landowner Incentive Program recognize continuing opportunities for conservation of endangered and threatened species through partnerships with private landowners. The budget request includes \$50.0 million for Private Stewardship grants and the Landowner Incentive program. Interest in the State portion of the program is high, with over 80 grant requests totaling \$61.0 million for the program's first year.

The 2004 budget request includes a comprehensive, partnership approach to meeting the President's commitment for fully funding the Land and Water Conservation Fund. The 2004 LWCF program includes \$662.4 million for the Department. It emphasizes conservation partnerships with States, Tribes, local communities, and private citizens, including a strong State grant program, and reduced Federal land acquisition. This proposal recognizes the costs of adding to the significant land holdings that are already managed by the Department and our commitment to take better care of these lands. It also recognizes the value and cost-effectiveness of partnerships. We can accomplish our conservation goals by conserving endangered and at risk species through conservation easements, working with private landowners to enhance habitat for endangered and at risk species, and other innovative partnership approaches.

Conserving Wildlife and Fisheries

March 14, 2003 marks a milestone in the history of wildlife conservation in America—the centennial anniversary of the national wildlife refuge system. Reflecting the importance of this event and the record of conservation established through this unique system of lands and resources, the 2004 budget builds on last year's historic \$48.4 million budget increase for the national wildlife refuge system by requesting a total of \$402.0 million for refuge operations and maintenance, an increase of \$33.6 million over 2003 appropriation levels. The total budget request for the Fish and Wildlife Service is \$1.3 billion.

The Fish and Wildlife Service fisheries program has played a vital role in conserving and managing fish and other aquatic resources. The 2004 budget enhances the Federal contribution to aquatic resource conservation partnerships, by providing \$103.6 million for the FWS fisheries program. The request includes an \$3.9 million increase for operation and maintenance of the national fish hatchery system's hatcheries, fish health centers, and fish technology centers. Also included is a \$1.0 million increase to combat aquatic nuisance species, part of the larger, coordinated interdepartmental effort discussed below.

Other Partnerships

As stated earlier, the 2004 budget is based on a vision of partnerships and leaving a legacy of healthy lands and thriving communities resulting from efforts to work together across landscapes and across communities. The 2004 budget sets forth the tools through

which these partnerships can flourish and leave a legacy of healthy lands and thriving communities

The Department's parks, refuges, and public lands host nearly 500 million visitors a year and provide access for economic uses, activities that fuel the economic engines for communities adjacent to our Federal lands. Recognizing that the Department's decisions can greatly impact these gateway communities, the Department is working in partnership with the people who live on the private lands that border these areas and developing collaborative approaches to address local issues.

Everglades – The Everglades restoration effort also affirms the power of partnerships. As stewards of about one-half of the remaining Everglades ecosystem, the Interior Department works with a broad team of Federal, State and local partners. In 2004, the President's budget includes \$112.3 million for Interior Everglades activities, an increase of \$27.8 million above 2003 enacted appropriations. The request includes \$40.0 million to protect the Big Cypress National Preserve by acquiring the Collier family's mineral right holdings.

Exemplifying the partnership approach to this restoration effort, the Department is building stronger coalitions to implement the restoration program, including:

- Forming an advisory committee for public input to land managers in South Florida on a wide range of issues;
- Providing scientific expertise to the State and the U.S. Army Corps of Engineers to meet the objectives of the Comprehensive Everglades Restoration Plan; and
- Taking steps to ensure that appropriate quantities of water are distributed at the right times and in the right places to restore the unique Everglades ecosystem.

Invasive Species - The Department is participating in an interagency performance budget to promote invasive species management that is being coordinated by the National Invasive Species Council. The 2004 budget proposes \$57.5 million for the Department's portion of this interagency effort.

At this funding level, Interior will participate in the control and management of tamarisk and giant salvinia in the southwest; conduct ballast water research; control and eradicate nutria in the Chesapeake Bay and in Louisiana; plan early detection and rapid response to eradicate outbreaks of sudden oak death in eastern hardwood forests of the central Appalachian Mountains; and develop a marine invasive species early detection warning system.

Abandoned Mine Reclamation and Clean Streams - Through partnerships the Office of Surface Mining is restoring streams impacted by coal mining. Its Clean Streams program involves State and local groups to enhance miles of riparian areas. The President's budget request includes \$281.2 million for State and Federal programs to protect the

environment during coal mining, assure prompt reclamation after mining, and clean up abandoned mine lands. The request will enable OSM to continue directly administering Federal regulatory and reclamation programs in States that do not operate their own surface mining programs as well as on Federal and Indian lands, and to reclaim 6,900 acres of disturbed land and other hazards that threaten human health and welfare and environmental quality.

Payment of Lieu of Taxes - The President's proposal calls for \$200.0 million for Payments in Lieu of Taxes, to compensate States for Federal lands that cannot be taxed by local governments. The 2004 budget proposes to move the program from the Bureau of Land Management to the Departmental Management account to reflect the breadth of this program. The lands on which the payments are made are administered by the NPS, FWS, and USDA Forest Service, as well as by the Bureau of Land Management.

Wildland Fire and Healthy Forests

Building a legacy of healthy lands and thriving communities means applying a healing hand to the landscape. The Department is advancing the President's Healthy Forests Initiative to reduce decades-long build-ups of underbrush and unnaturally dense forests.

The budget proposes \$698.7 million for wildfire prevention and suppression and Healthy Forest initiatives in fiscal year 2004. This is a \$48.5 million, or 7.5 percent increase over last year's budget proposal. The request includes continued funding for a robust fuels treatment program at \$186.2 million, 400 percent above spending in 2000. At this funding level, the Department will treat 307,000 high priority acres in the wildland-urban interface and an additional 768,000 acres that are not in the wildland-urban interface.

The Department is also taking a number of steps to improve the productivity and performance of the fuels program that will help the Department's firefighting bureaus take maximum advantage of the opportunity for fuels treatment projects at the beginning of the fiscal year when weather and workload conditions for fuels treatments are optimal. The Department is accelerating project planning and selection, issuing policy guidance and proposed legislative language designed to facilitate and expand contracting in the fuels program, and issuing policy guidance to expedite the budget allocation process for the fuels program and individual projects.

The fuels treatment program is key to restoring forests and rangelands to long-term health and preventing damage caused by catastrophic wildfires. One approach to improving forest health that holds promise is stewardship contracting. Stewardship contracts allow the private sector, non-profit organizations, and local communities to productively use materials generated from forest thinning.

The 2004 budget proposal also calls for \$282.7 million for fire preparedness, including increased funding for aviation contract costs. The fire suppression request of \$195.3 million reflects a \$36.0 million increase to fund suppression operations at the revised 10-year average. This funding level will provide resources to respond to an "average" fire

year without having to rely on emergency borrowing that can be disruptive to other Interior programs. The Department is also working to develop new and improved current cost control strategies for suppression. The budget also includes \$24.5 million for rehabilitating burned areas. Timely stabilization and rehabilitation of severely burned areas are critical to prevent further damage due to erosion, loss of soil nutrients, and the introduction and spread of invasive species. The budget also continues funding for Rural Fire Assistance at \$10.0 million. Frequently, local firefighting departments are the first responders to wildland fires on public lands and play a vital role in preventing fires from escaping initial attack and becoming exponentially more expensive to suppress. In 2002, the Department assisted 5,349 rural and volunteer fire departments through grants, technical assistance, training, supplies, equipment, and public education support.

Helping to Meet the Nation's Energy Needs

Interior plays a central role in meeting the Nation's energy needs. Conservation, renewable energy, and traditional energy sources all play an intertwined role in helping the Nation meet these needs. The budget supports the President's and the Department's goal for increasing domestic energy supplies from a variety of sources, in an environmentally acceptable manner, with a special emphasis on developing renewable energy sources on Federal lands.

The 2004 budget request includes an increase of \$444,000 for activities on the North Slope, for a total of \$8.4 million. Funding will support planning for sales in the National Petroleum Reserve-Alaska, and, if authorized, the Arctic National Wildlife Refuge. Congressional authorization will be required for a lease sale to be conducted in ANWR.

The budget requests an increase of \$2.0 million for BLM to strengthen inspection and enforcement activities, targeted primarily to the Powder River and San Juan basins. The budget also proposes a \$500,000 increase to expand resource monitoring to improve assessment of the cumulative impacts of oil and gas development, especially on cultural resources and species at risk.

The 2004 budget includes \$2.0 million for renewable energy resources. This includes an increase of \$100,000 over 2003 enacted appropriations to support the development of geothermal, wind, and solar energy on public land. This is more than five times the 2002 funding level for these programs.

The Outer Continental Shelf is projected to produce over 25 percent of both the Nation's oil and natural gas in 2003. The Minerals Management Service is the primary steward of the mineral resources on the OCS. The MMS appropriations request of \$171.3 million includes an increase of \$1.6 million to meet increased workload brought about by the demand for Outer Continental Shelf program services in the Gulf of Mexico. The 2004 budget includes a total of \$11.6 million, an increase of \$2.9 million over 2003 funding levels for MMS to employ innovative business processes and advances in electronic technology in the offshore program. The budget also includes an increase of \$300,000 to investigate the energy resource potential found in methane hydrate formations. The MMS

will also invest an additional \$3.0 million to operate and maintain its minerals revenue management and royalty-in-kind systems.

The 2004 BIA request includes a \$2.0 million increase for grants to Tribes to evaluate mineral resource potential on tribal trust and restricted lands. The request also includes \$1.0 million to help Tribes expedite the development of tribal regulations governing mineral leasing and permitting, and rights-of-way of tribal lands required under the Energy Policy Act, 2002.

Taking Care of Parks

Complementing the Department's cooperative conservation commitments is a continued investment in taking care of National Parks. The President's budget proposes a \$2.4 billion budget for the National Park Service, an increase of \$131.4 million above 2003 appropriations.

This budget continues the Department's commitment to fulfill the President's pledge of addressing the maintenance backlog in National Parks, proposing \$705.8 million this year toward this effort, an increase of \$54.1 million, nearly an eight percent increase over 2003. The budget includes an increase of \$16.3 million for cyclic maintenance. This increase will provide additional funds for regular maintenance activities and will help the NPS keep pace with its maintenance needs and prevent additional projects from becoming deferred. It also includes an additional \$16.7 million for the repair and rehabilitation program and a \$4.7 million increase for comprehensive condition assessments at parks. Data collected through the condition assessments will be used in 2004 to evaluate progress in eliminating the deferred maintenance backlog, as measured by a facility condition index.

To date, our accomplishments are impressive. For example, the Many Glacier Hotel at Glacier National Park was built in 1914. A highly recognized National Landmark, this facility signifies an important period in the development of the National Park Service. Due to the harsh climate and insufficient maintenance in the past, this important landmark had deteriorated to a stage where emergency stabilization was necessary. The Department is in the process of stabilizing this important facility.

But we still have more work to do. A key focus in the 2004 budget will be to improve park roads. Here, too, the Department is reaching out to partners. A signed memorandum of agreement with the Federal Highway Administration will help us achieve our road maintenance goals efficiently. The Department of Transportation's 2004 budget proposes \$300.0 million in 2004 for Park road repair as part of the reauthorization of TEA-21, bringing the total park maintenance budget to over \$1 billion.

In the National Park Service, the Natural Resource Challenge helps Park managers improve resource management by strengthening the scientific base of knowledge about park resources. Our budget proposes \$76.1 million, an \$9.0 million increase over 2003, for the program. This increase will provide a three-year cumulative total increase of over

\$104 million above the 2001 level. The Natural Resource Challenge is an integral component of President Bush's ongoing commitment to improving natural resource management in Parks.

Indian Education

No task is more important to the American community than educating its children. In education, the President has committed to "leave no child behind." At Interior, this commitment centers on the 48,000 children educated at schools operated by the Bureau of Indian Affairs or by Tribes under BIA grants or contracts.

The budget request for Indian education continues the President's commitment with a robust \$528.5 million school operations budget request, including funding for teacher pay increases. The budget includes \$3.0 million to establish a separate fund for new administrative cost grants to encourage more Tribes to exercise their authority to operate BIA schools by providing full funding for start-up costs for the first year of tribal operation of bureau-operated schools.

Children deserve safe, functional places to learn. The 2004 budget invests \$292.6 million in school facilities, including funds to replace at least seven high priority school facilities and to repair schools identified in the Indian school maintenance backlog. The President's goal is to eliminate the backlog by 2006.

Recreation

With almost 500 million visits each year to the Department's lands, Interior provides a wide array of recreational opportunities, including fishing, hiking, hunting, camping, and wildlife viewing. Public lands managed by the Bureau of Land Management provide recreational venues for a growing population in the West, hosting over 60 million visitors annually.

The 2004 budget requests \$48.7 million to enable the Bureau of Land Management to continue to provide quality recreational opportunities. BLM will address transportation and access needs and challenges, expand interpretive and other visitor services, and support greater outreach and consultation efforts to help resolve user conflicts in the face of growing visitation.

In recreation as in conservation, partnering is central to achieve our recreation goals. The Department depends on the contributions of 200,000 volunteers, almost three times Interior's Federal workforce, to help address resource protection and public recreation needs. Over 126,000 volunteers work in parks, the rest work in refuges, public lands, and other Interior sites across the country. In 2004 volunteers will assist NPS staff with important park projects including the Lewis and Clark bicentennial, the Powered Flight centennial, and the Jamestown 400th anniversary. The budget request proposes to increase funding by \$1.5 million for partnership efforts and volunteer recruitment and training. A \$1.0 million increase is aimed at bolstering volunteer participation and

improving park capacity to supervise, train, and reward volunteers. An increase of \$500,000 will allow NPS to establish full time volunteer coordinators to manage an expanding program.

The Department's partnerships include working with States. Today, the LWCF State grant program is a cornerstone of the Secretary's commitment to involve State governments in conservation and recreation activities. This program, enacted in 1965, helps States develop and maintain high quality recreation areas and stimulate non-Federal investments in the protection and maintenance of recreation resources across the United States. Reflecting the President's goals, the Interior LWCF program seeks to promote cooperative alliances, leave land on State tax roles, and achieve conservation goals by emphasizing innovative alternatives to fee simple title purchases, such as conservation easements and land exchanges. This emphasis also enables Interior land management agencies to focus more funds on caring for lands already under their management.

The President's budget fully funds the Land and Water Conservation Fund at \$900.7 million. The LWCF proposal calls for \$160.0 million in State grants, an increase of \$62.6 million over the 2003 funding level enacted by the Congress.

Law Enforcement and Security

The budget requests increases for Interior's law enforcement and security programs. The funding would be used to hire additional law enforcement officers, for law enforcement agreements with States and localities, additional training, and physical hardening of key visitor sites, all of which will improve security operations Department-wide. The increase of \$46.8 million is earmarked for strengthening law enforcement and security operations at Interior refuges, parks, and public lands, including along the U.S. borders with Mexico and Canada. Included within this increase is funding for site security improvements at the Jefferson National Expansion Area in St. Louis, Independence National Historical Park in Philadelphia, and the Jefferson Memorial and Washington Monument in Washington, D.C.

Science

All of the Department's efforts require good information. Scientific information is the cornerstone for Interior's natural resource management activities, providing a basis for making decisions about resource protection, resource use, recreation, and community-based programs. The USGS has the principle responsibility within Interior to provide its bureaus the earth and natural science information and research necessary to manage the Nation's natural resources.

The President's 2004 budget proposes \$895.5 million for the USGS. The budget includes \$17.1 million in new program increases above the 2003 conference level for high priority research needs, including invasive species control and management and increased capability to address science needs for Interior bureaus.

Conclusion

The Interior Department's responsibilities lie at the confluence of people, land, and water. The 2004 budget funds programs that support our broad and multiple missions. Leaving a legacy of healthy lands and thriving communities requires resources, creativity, and, above all, collaboration. The 2004 budget supports this vision of forging partnerships.

This concludes my overview of the 2004 budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.