

STATEMENT OF GALE A. NORTON, SECRETARY OF THE INTERIOR
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE
ON INTERIOR, ENVIRONMENT, AND RELATED AGENCIES

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Good morning. I am pleased to be here to discuss the fiscal year 2006 budget for the Department of the Interior. I appreciate the opportunity to highlight our priorities and key goals.

The Department of the Interior's mission is complex and multifaceted. Our 70,000 employees contribute to the Nation's environmental quality, economic vitality, and the well being of communities. Our mission encompasses resource protection, resource use, recreation, and scientific, educational, and other services to communities.

The Department's geographically dispersed responsibilities are inspiring and sometimes challenging. Through our programs, we have close connections to America's lands and people. We protect some of the Nation's most significant cultural, historic, and natural places. We provide access to resources to help meet the Nation's energy and water needs, while protecting natural and cultural resources. We provide recreation opportunities to over 477 million people annually on our parks, refuges, and other public lands. We serve communities through science, wildland firefighting, and law enforcement. We fulfill trust and other responsibilities to American Indians, Alaska natives, and the Nation's affiliated island communities.

Four principles shape our 2006 budget. First is the power of partnerships to leverage resources and achieve results. Second is the imperative of fiscal constraint to maintain a dynamic economic context. Third is an emphasis on investments that will help Interior work smarter, more efficiently, and more effectively. Fourth is the importance of funding activities and programs linked to core Departmental responsibilities.

Budget Overview

Performance lies at the center of the President's 2006 budget request. The President's proposal also demonstrates the fiscal restraint necessary to halve the deficit by 2009 and maintain the Nation's dynamic economy.

The 2006 budget request for current appropriations is \$10.8 billion. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional \$4.2 billion, for a total 2006 Interior budget of \$15 billion.

For programs funded by this Subcommittee, the 2006 request includes \$9.8 billion, a decrease of \$69.7 million, or 0.7 percent below the 2005 level. Excluding

contingent emergency fire funding provided in 2005, the 2006 request is an increase of \$28.9 million or 0.3 percent over 2005.

The budget projects receipts collected by the Department in 2006 to be \$13.8 billion, an increase of \$914 million and equivalent to 141 percent of the Department's current appropriations request to this Subcommittee.

Interior manages over 500 million acres and some 40,000 facilities at 2,400 locations. These responsibilities engage Interior as a principal manager of real property and other assets that require ongoing maintenance, direct services to public lands visitors, and ongoing activities to ensure public access, use, and enjoyment. As a result, a key goal of the Department's 2006 budget is to fund pay increases and other nondiscretionary cost increases for health benefits, workers and unemployment compensation payments, rental payments for leased space, and operation of centralized administrative and business systems. Providing for these costs will allow the Department to maintain basic services while continuing to improve efficiency and effectiveness to better serve the public.

The budget includes \$158.6 million for nondiscretionary, fixed-cost increases. Of this total, nearly three-quarters, or \$115.7 million, funds higher pay costs. The budget assumes a January 2006 pay increase of 2.3 percent.

Our budget also includes a number of key initiatives that will help us achieve our goals. Key activities include our efforts to:

- Pursue responsible energy development;
- Expand opportunities for cooperative conservation;
- Enhance recreation opportunities on Interior lands;
- Increase forest and rangeland health;
- Continue the clean up of abandoned mine lands;
- Advance trust reform; and
- Reduce risks resulting from natural disasters.

In his February 2nd State of the Union Address, the President underscored the need to restrain spending in order to sustain our economic prosperity. As part of this restraint, it is important that total discretionary and non-security spending be held to levels proposed in the 2006 budget. The budget savings and reforms in the budget are important components of achieving the President's goal of cutting the budget deficit in half by 2009 and we urge the Congress to support these reforms. The 2006 budget includes more than 150 reductions, reforms, and terminations in non-defense discretionary programs, of which four involve Interior programs. The Department wants to work with the Congress to achieve these savings.

Energy Development

ANWR Exploration and Development — Our 2006 budget continues our quest to achieve healthy lands and water, thriving communities, and a dynamic economy. Predictable, readily available supplies of energy at reasonable costs underlie both community well-being and economic action.

In 2006, with Congress' assistance, Interior will help meet energy needs by providing appropriate access for exploration and development of the coastal plain of the Arctic National Wildlife Refuge and portions of the Outer Continental Shelf; expediting permitting and rights-of-way processing; and encouraging development and use of clean, renewable energy.

Interior's 2006 budget provides \$530 million for energy programs through annual appropriations and user fees, an increase of \$22 million.

The budget assumes enactment of legislation to open a portion of the coastal plain in the ANWR to oil and gas exploration and development, with the first lease sale planned for 2007. The U.S. Geological Survey estimates that a mean expected volume of 10.4 billion barrels of technically recoverable oil can be expected if Congress lifts the ban on development in ANWR. At peak production, daily production from this area could be larger than the current daily onshore oil production of Texas.

The budget assumes the first ANWR lease sale would produce an estimated \$2.4 billion in bonus bids in 2007, the same estimate we have used for several years. It is based on conservative assumptions. The Congressional Budget Office recently estimated the first lease sale would produce bonus bids of \$4 billion.

ANWR exploration and development would occur within a 1.5 million-acre area of the 19 million-acre refuge. Actual energy development would occur on no more than 2,000 acres, or one-hundredth of one percent of the refuge. Through increased knowledge, experience, and technological advances, the footprint of energy development will be dramatically reduced from older development sites on the North Slope. For example, use of seasonal ice pads for exploration will limit site disturbance, and extended-reach drilling will reduce the number of sites by allowing development of over 50 square miles of subsurface resources from one single point on the surface.

The budget includes \$1.6 billion for resource use to better meet the increasing demands for water resources, to carry out the National Energy Policy, and to maintain appropriate access to other resources on public lands. Key initiatives include:

Minerals Management Service — The 2006 budget proposes \$290 million for MMS, a \$12.6 million increase over 2005. This total includes a request for \$167.4 million in annual appropriations and \$122.7 million in offsetting collections. The proposed budget will enhance services and programs that protect the environment and offshore workers. It will also enhance methods to collect,

account for, and disburse revenue from Federal and American Indian lands. The \$12.6 million net increase compared to 2005 includes a \$19.0 million increase in offsetting collections and a \$6.4 million decrease in annual appropriations.

BLM Oil and Gas Processing — The 2006 budget will increase the Bureau of Land Management energy and minerals program from an estimated 2005 funding level of \$108.5 million in appropriations and user fees to a 2006 funding level of approximately \$117.6 million. This net increase will enable BLM to accelerate the processing time for applications-for-permits-to-drill and reduce the permit application backlog pending for over 60 days from 1,681 to 120 by the end of 2006.

Resource Protection

The 2006 budget calls for \$2.6 billion for resource protection programs that improve the health of landscapes and watersheds, sustain biological communities, and protect cultural and natural heritage resources. In August 2004, President Bush signed an Executive Order on Cooperative Conservation requesting that agencies strengthen efforts to work cooperatively with States, Tribes, local governments, and others to achieve conservation goals.

Over the past four years, the Interior Department has encouraged cooperative conservation through various grant programs, administrative actions, and policies. These efforts emphasize innovation, local action, and private stewardship. They achieve conservation goals while maintaining private and local land ownership. They foster species protection through land management and cooperative, on-the-ground habitat improvements, complementing traditional funding of ESA regulatory programs.

Key initiatives in resource protection include:

Cooperative Conservation Programs – Through partnerships, Interior works with landowners and others to achieve conservation goals across the Nation and to benefit America’s national parks, wildlife refuges, and other public lands. The 2006 budget includes \$381.3 million for the Department’s cooperative conservation programs. These programs leverage limited Federal funding, typically providing a non-Federal match of 50 percent or more. They provide a foundation for cooperative efforts to protect endangered and at-risk species; engage local communities, organizations, and citizens in conservation; foster innovation; and achieve conservation goals while maintaining working landscapes.

Our budget proposes funding for the Landowner Incentive and Private Stewardship programs at a total of \$50.0 million, an increase of \$21.4 million from 2005. Through these programs, our agencies work with States, Tribes, communities, and landowners to provide incentives to conserve sensitive habitats in concert with traditional land management practices such as farming and ranching, thus maintaining the social and economic fabric of local communities.

Our budget proposes to fund challenge cost-share programs in BLM, FWS and NPS at \$44.8 million. These cost-share programs better enable Interior's land management agencies to work together and with adjacent communities, landowners, and other citizens to achieve common conservation goals. The 2006 proposal represents an increase of \$25.7 million.

The challenge cost-share program includes \$21.5 million for projects that are targeted to natural resource conservation. In 2004, the Congress provided \$21.2 million for these cost-share grants. Leveraged with matching funds this provided a total of \$52 million for on-the-ground projects including more than \$19 million for projects to eradicate and control invasives and weeds.

For example, in New Mexico, the Bosque del Apache refuge is working with the local community to restore riparian habitat along the Rio Grande River by eliminating tamarisk on over 1,100 acres.

We also propose level or increased funding for a suite of other FWS cooperative programs: the Partners for Fish and Wildlife program, the Coastal program, the Migratory Bird Joint Ventures program, the North American Wetlands Conservation Fund, the State and Tribal Wildlife grants program, and the Cooperative Endangered Species Conservation Fund. These programs support a cooperative approach to conservation that emphasizes voluntary partnerships with private landowners, local governments, Tribes, and community organizations.

Sustaining Biological Communities – Targeted increases in FWS and BLM will focus new resources on the recovery of endangered, threatened, and at-risk species and increase interagency efforts to curtail harmful invasive species. We propose a programmatic increase of \$1.9 million for general activities in the Fish and Wildlife Service ESA recovery program and \$7.0 million in BLM to strengthen and expand efforts to conserve and restore sagebrush habitat to maintain sage-grouse populations. An increase of \$2.3 million in FWS, BLM, and USGS will support invasive species work on an eco-regional basis.

Klamath River Basin – The 2006 budget commits \$62.9 million toward finding long-term solutions to water issues in the Klamath Basin and proposes an 8.4 percent increase for Interior Department programs in the basin. In the short-term, water-supply shortages will continue to present challenges. As of mid-February, the snow pack in the upper Klamath River basin was 47 percent below average. With depleted groundwater supplies and expected continued drought conditions, the risks to endangered and threatened fish in the basin persist. We also anticipate impacts to the people and communities dependent on the river, including upper basin irrigators and downstream Indian and commercial fishermen.

The Bureau of Reclamation is currently putting together a water bank of over 100,000 acre-feet to help meet water needs this calendar year for coho salmon. Efforts are also underway to recover listed species and improve conditions by

restoring the water-retention capability of the riparian and adjacent habitat. The budget request includes \$7.5 million for the FWS Partners for Fish and Wildlife program for these efforts; \$6.0 million for land acquisition to acquire the Barnes Tract, which will provide nursery and other habitat for the endangered fish and increase water in Upper Klamath Lake in most years; and \$1.2 million to fund pumping necessitated by the removal of Chiloquin Dam, which will improve fish migration and spawning. To move this project forward, a reprogramming letter proposing to construct the replacement water system for Chiloquin Dam will be submitted to the Subcommittee soon.

Finally, the budget request includes \$500,000 for a FWS prototype program to acquire and transfer water rights to the wetlands in the Klamath Basin refuges. These key wetlands on the Pacific Flyway depend entirely on return flows from the Klamath Irrigation Project. The wetlands need a reliable source of clean water as a hedge against droughts and to provide a base amount of water to which the return flows can be added.

Everglades Restoration – Within the 2006 request for NPS construction is \$25 million for the Modified Water Deliveries Project, a key to restoring natural flows in the Everglades. Under a new agreement between the Department and the Corps of Engineers, the cost to complete the project will be shared by NPS and the Corps. The 2006 budget for the Corps includes \$35.0 million for the Mod Water project. Over the period 2007 to 2009, the Corps will contribute an estimated additional \$88.0 million and the NPS an additional \$41.0 million. The 2006 NPS contribution consists of \$8.0 million in new funding and \$17.0 million redirected from unobligated balances for Everglades land acquisition not currently needed for high-priority acquisitions.

Abandoned Mine Lands – Today, more than 3 million Americans live less than one mile from dangerous abandoned coalmines. Consistent with the Administration's 2005 reauthorization proposal for the 1977 Surface Mining Control and Reclamation Act, the 2006 budget supports the Administration's vision to reauthorize the AML program. The Administration's approach would remove risk to 140,000 people annually.

Our budget provides \$147.5 million in AML grants to expedite clean up of high-priority sites and another \$58.0 million in AML grants to fairly address long-standing commitments to States and Tribes that have already achieved their reclamation goals. Under the funding formulas in the 1977 Act, AML funding is increasingly directed to States with significant coal production, but few, if any, abandoned mines. The Administration's approach would direct new AML funding to reclaim unhealthy and unsafe abandoned mines and provide to States that have already completed mine reclamation repayment of their statutory share of AML fees collected under the 1977 law.

Recreation and Historic Preservation

Lands and waters managed by Interior offer unparalleled outdoor recreational opportunities. The bureaus of Land Management, Reclamation, Fish and Wildlife Service, and the National Park Service manage an inspiring and diverse collection of natural wonders. For example, in 2003 our National Wildlife Refuges attracted 2.2 million hunting visits and 6.6 million fishing visits. The FWS looks for opportunities to add new or expand existing public hunting and fishing programs. There are currently 308 national wildlife refuges that are open to hunting and 270 refuges that are open to sport fishing.

Overall, the budget includes \$1.3 billion in investments for recreation programs that will improve visitor services and access to recreation opportunities.

This total includes an increase of \$33 million to respond to growing demands for recreational activities on public lands, to provide a safer environment for refuge visitors, and to ensure continuous enhancements to visitor services at parks. In addition, the budget provides \$82 million in the operating accounts of BLM, FWS, and NPS to cover increased pay and other fixed costs and maintain existing performance and service levels to the public.

The Federal Lands Enhancement Recreation Act – Passed by the 108th Congress and signed into law by the President on December 8, 2004, the Federal Lands Recreation Enhancement Act will enable Interior land management agencies to improve recreation and visitor amenities on public lands. The Act provides a 10-year extension of the recreation fee program piloted with the Recreation Fee Demonstration program. The Act establishes important parameters for the program to ensure that fees are charged only in appropriate locations and revenues are appropriately spent on infrastructure and services that directly benefit the public.

The Department is working closely with the U.S. Department of Agriculture on key implementation issues, such as development of long-term, multi-agency fee guidance, and the creation of the new “America the Beautiful Pass”, which will cover entrance and standard amenity fees for the five agencies authorized under the Act. The Departments are committed to creating a dynamic program responsive to the public and Congress during the implementation process.

In 2006, the Department will continue to transition from the Recreational Demonstration Program to the provisions of the new Act. Working with the Congress, the Department has established a set of principles to guide the program during the transition period. Specifically:

- No new fee areas will be created.
- Agencies will conduct an interim evaluation of existing fee sites based on the new criteria and prohibitions.
- The Golden Eagle, Golden Age, and Golden Access Passes, and the National Park Pass will continue to be sold until the America the Beautiful Pass is available.

- Existing Golden Eagle, Golden Age, and Golden Access passes and National Park passes will be “grandfathered in” under their existing benefits and will remain valid until expired.
- Specific site, forest and regional passes, such as southern California’s Forest Service Adventure Pass, will continue to be available.

The Act includes criteria and directions that address issues raised by the public and members of Congress regarding recreation fees. For example, the Act prohibits fees for BLM and the Forest Service for general access to national forests and grasslands, access to overlooks and scenic pullouts, and areas with low or no expenditures for facilities or services. The use of Recreation Resource Advisory Committees required by the Act will ensure public input on decisions about expanding the fee program by providing the public and local communities an opportunity to make recommendations to the BLM or the Forest Service on specific recreation fee sites and fees. Public notice and participation provisions will guide the Department’s efforts to conduct a program that is accountable and transparent. Under the Act, the vast majority of recreation sites will continue to be free.

Park Maintenance Backlog – Through President Bush’s commitment to address the maintenance backlog in parks, over the past four years more than 4,000 projects were undertaken to maintain, repair or replace park facilities. The 2006 budget includes \$716.6 million for construction and park facility maintenance, an increase of \$29.0 million. Included within the increase are an additional \$22.2 million for NPS construction and \$3.4 million in the repair and rehabilitation program to repair high-priority historic buildings. Including funds in the President’s proposal for reauthorization of the Transportation Equity Act for the 21st Century, total NPS deferred maintenance funding will exceed \$1.1 billion in 2006. The 2006 request will bring funding for park maintenance over five years to \$4.9 billion, as pledged by then-Governor Bush in 2000.

Preserving Cultural Landscapes – More and more Americans are visiting historic and cultural sites across the Nation. In 2002, 81 percent of adults in the United States included at least one cultural, historic, or heritage activity in their vacation plans. Linking historic preservation to educational and economic opportunities ensures sustained commitment to those places that bring alive our nation’s cultures and history.

Through its Preserve America initiative, the Administration is recognizing and encouraging heritage tourism as a significant economic development and educational activity. Over 220 localities have been designated Preserve America Communities, serving as a focus for civic pride and a catalyst for preservation. The Administration proposes \$12.5 million in competitive grants to encourage community preservation of our cultural, historic, and natural heritage through education and heritage tourism.

Overall, the budget proposes \$66.2 million for the Historic Preservation Fund, which includes funding for Preserve America, as well as \$15.0 million for Save

America's Treasures, and \$38.7 million for grants to States and Tribes. The budget includes an additional \$5.0 million for National Heritage Areas.

Serving Communities

With its broad-ranging responsibilities, Interior's activities touch the lives of all Americans. For example:

- Interior's U.S. Geological Survey, the nation's premier earth sciences agency, generates scientific information that helps inform decisions about land and water management. Its hazards monitoring helps reduce risks to communities associated with earthquakes, tsunamis, floods, mudslides, and volcanoes.
- Through performing its responsibilities to Native Americans, Alaska natives, and other communities, Interior helps educate children and enhance the economic well being of these communities.
- Interior's implementation of the President's Healthy Forests Initiative and the Healthy Forests Restoration Act is enhancing forest and rangeland health and reducing risks to communities from catastrophic fires.

Interior's budget includes \$5.1 billion to serve communities by improving Indian trust management and services to Tribes and individual Indians; providing resources for Indian education and other social services, advancing the Healthy Forests Initiative and related wildland fire activities; strengthening law enforcement; and enhancing scientific and hazards warning information for our agencies and the public. Key initiatives include:

Trust Programs – The budget provides \$591.4 million to continue the Department's ongoing efforts to reform management of its fiduciary obligations to Tribes and individual Indians, to continue historical accounting efforts for trust funds, and to reduce the exponentially growing costs of maintaining fractionated interests of Indian lands. Within this total, the President's budget proposes to increase funding for historical accounting from \$57.2 million to \$135.0 million. An increase of \$9.6 million would strengthen efforts to address the current backlog of unresolved probate cases.

Last Wednesday, February 23, the *Cobell* court issued an order reinstating the historic accounting structural injunction previously issued on September 23, 2003, directing the Department to conduct a far more expansive accounting and requiring that it be completed under even more constrained time lines than the Department had planned. Preliminary estimates developed by the Department estimate the costs to comply with the order at between \$10 to \$12 billion. The new injunction requires extensive work beyond what is currently budgeted in 2005 or proposed in 2006 to be completed by January 6, 2006. In addition to the completion of accounting for all judgment and per capita accounts back to 1887 and the completion of the accounting for all transactions in land-based accounts back to 1985, the court order directs the indexing of all trust-related records located at federal facilities in Albuquerque, New Mexico, and Lee's Summit,

Missouri, the collection of all relevant trust records held by third parties, the systems tests related to electronic data gaps, and the systems conversion from the Integrated Records Management System to the Trust Funds Accounting System. The Department's budget for 2005 or 2006 is not constructed to address these requirements. The Department is in continuing discussion with the Department of Justice on the course of action available to the Department.

BIA Detention Centers – The budget includes increases of \$16.7 million for detention centers in Indian country. Of the total, \$7.3 million will support detention operations at four new centers currently under construction with Department of Justice funding and for facility operations and maintenance at 19 detention centers built with DOJ grants since 2001. The balance of the increase addresses substandard facility conditions in older BIA detention facilities highlighted in a recent report by Interior's Inspector General. The budget for detention center improvement and repair will nearly double, with an additional \$4.4 million. An increase of \$5.0 million will support contracts to place arrested and convicted persons in non-BIA detention facilities that meet national standards when adequate BIA facilities are unavailable.

Indian Education – To complement BIA efforts to implement the No Child Left Behind Act, the 2006 budget proposes \$2.0 million to pilot leadership academies at four BIA schools. Leadership academies in public school systems have been successful in raising the academic performance of school children and motivating them to continue their education.

To continue improving facility conditions at BIA schools, the budget includes \$173.9 million for education construction. This amount will fund replacement of the Porcupine Day School in South Dakota and the first replacement phase of the Crownpoint Community School in New Mexico. It will also fund four major facilities improvement and repair projects. In order to allow focus on the 34 school replacement projects funded in prior years that are in design phases or under construction, the education construction budget reflects a reduction of \$89.5 million from 2005.

Healthy Forests – The 2006 budget supports the President's Healthy Forests Initiative with a \$211.2 million budget for hazardous fuels reduction in the wildland fire program, a net increase of \$9.8 million over the 2005 enacted level. The hazardous fuels budget includes a program increase of \$10.3 million for fuels projects, partially offset by a scheduled \$2.5 million reduction in funding for development of the LANDFIRE vegetative mapping and imaging system.

Funding in the wildland fire program, together with funds for forest and range improvement in the land management agencies and the Bureau of Indian Affairs, will provide approximately \$313.0 million in 2006 to reduce the build-up of hazardous fuels in the Nation's forests and rangelands, reduce the risk of catastrophic fire to communities, protect threatened and endangered species, and support other activities under the Healthy Forest Restoration Act of 2003.

Wildland Fire – In addition to funding additional hazardous fuels reduction projects, the 2006 wildland fire budget includes increases of \$15.7 million to fund suppression operations at the 10-year average and \$5.0 million to maintain the 2004 aviation fleet reconfiguration. In total, the 2006 budget for wildland fire management is \$756.6 million, a net increase of \$23.9 million over 2005, not including \$98.6 million in 2005 contingent emergency funding.

Rural Fire Assistance – The 2006 budget for Wildland Fire continues partnerships with local fire departments, proposing an increase in the Preparedness program to provide advance training to local fire fighters to help build a ready reserve of local firefighters that can support extended attack and thereby improve the effectiveness of Federal cooperation with local firefighting agencies. Rural fire assistance grants, which provided funds to local fire departments for equipment and basic training, are eliminated as a separate funding source in anticipation that equipment and training needs of local fire departments will be met through the much larger Forest Service and FEMA fire assistance programs.

Tsunami Warning System – As part of a \$37.5 million, two-year commitment by the Administration to expand U.S. tsunami detection and monitoring capabilities, the 2006 budget includes \$5.4 million for USGS facilities and operations to provide more robust detection and notification of earthquakes that could trigger tsunamis. The President has submitted a 2005 budget supplemental request proposing \$8.1 million for USGS to begin work on these enhancements. The balance of the funding for the tsunami warning system is in the National Oceanic and Atmospheric Administration's budget.

Landsat – The 2006 budget requests \$7.5 million for USGS to begin work on an upgraded ground-processing system to acquire, process, archive, and distribute data from a new generation of satellite-based land image sensors. The first of two Landsat Data Continuity Mission sensors will be flown on a NOAA polar orbiting satellite scheduled for operation in 2009. To continue the 30-year unbroken record of data on the Earth's continental surface collected by the Landsat program, the budget also contains a \$12 million increase to support continued operation of the Landsat 7 satellite in 2006 and to repay a planned reprogramming for 2005 Landsat 7 operations. Although Landsat 7 data remain valuable and usable, revenue from commercial sale of the data that normally supports the Landsat program has sharply decreased as a result of the failure of the satellite's scan line corrector.

Payments in Lieu of Taxes – PILT payments are made to local governments in lieu of tax payments on Federal lands within their boundaries and to supplement other Federal land receipts shared with local governments. The 2006 budget proposes \$200.0 million for these payments. The 2006 request is 60 to 97 percent higher than the PILT payments during the 1990s, but is a reduction of \$26.8 million from the record high 2005 payment level.

Program Terminations and Reductions

As part of the President's effort to halve the budget deficit by 2009, the 2006 budget for the Department makes difficult choices to terminate or reduce funding for programs that are less central to the Department's core missions, have ambiguous goals, duplicate activities of other agencies, or require a lower level of effort because key goals have been achieved. Terminations and reductions include lower priority and one-time earmarks enacted in 2005. Other terminations and reductions include:

LWCF State Grants – The 2006 budget terminates funding for Land and Water Conservation Fund State grants, a reduction of \$89.6 million from the 2005 level. LWCF State grants support State and local parks that have alternate sources of funding through State revenues and bonds. As the nation strives to trim the Federal deficit, focusing on core Federal agency responsibilities is imperative. A 2003 PART review found the program could not adequately measure performance. The 2006 budget continues funding for the administrative portion of the grant program at \$1.6 million, which will be used to review the accountability and performance of grants provided in previous years.

Jobs-in-the-Woods – The budget proposes to discontinue BLM's Jobs-in-the-Woods program, which was created in the early 1990s as a temporary program to assist displaced timber workers in the Pacific Northwest by offering resource-based job opportunities to improve water quality and restore Oregon's coastal salmon populations. As most workers have transitioned and timber sales are increasing, the budget proposes to focus resources on programmatic priorities, including offering the full allowable sale quantity under the Northwest Forest Plan and supporting the Plan's requirement that late-succession reserves be managed to stimulate old growth characteristics.

USGS Minerals Resources Program – The budget reduces funding for the USGS Minerals Resources program by \$28.5 million. The budget continues funding for minerals surveys and studies relevant to ongoing Federal energy, land management, regulatory, and remediation activities. Funding is reduced for studies and information gathering for regional and local activities more oriented to the interests of States, local governments, and universities, all of whom are significant users of information generated by the Minerals Resources program.

Johnson-O'Malley – The budget includes a reduction of \$8.8 million for the Johnson O'Malley grant program. These grants for Indian children attending public schools do not currently address a focused goal for academic achievement and duplicate similar funding made available by the Department of Education. The budget provides \$7.8 million for grants to continue the highest-priority components of this program.

NPS Statutory and Contractual Aid — The budget does not continue funding for \$11.2 million in Statutory and Contractual Aid activities that are secondary to the primary mission of the National Park Service.

Mandatory Proposals

Accompanying the 2006 budget are several legislative proposals that affect receipt or spending levels in 2006 or in future years. These proposals, which will be transmitted separately from the budget for consideration by the Congress, include:

Southern Nevada Public Lands Management Act – The budget proposes to amend the Southern Nevada Public Land Management Act of 1998 to return 70 percent of the receipts from land sales under the Act to the Treasury, where receipts from land sales have historically been deposited. The Act, as amended by P.L. 107-282, authorizes the disposal through sale of approximately 49,000 acres of federal land in Clark County, Nevada. Five percent of the proceeds are provided to the State of Nevada for use in the State's general education program and 10 percent are provided to the Southern Nevada Water Authority for water treatment and transmission facility infrastructure in Clark County. The remaining 85 percent of funds are deposited in a special account to acquire environmentally sensitive lands in Nevada; make capital improvements to areas administered by NPS, FWS and BLM in Clark County; develop a multi-species habitat plan for Clark County; develop parks, trails and natural areas and implement other conservation initiatives in the county; and reimburse BLM for costs incurred in arranging sales and exchanges under the Act.

The receipts generated by these land sales so far have been nearly eight times higher than anticipated, with future revenue projections of almost \$1 billion per year. When SNPLMA was originally passed, proceeds from land sales under the bill were estimated at roughly \$70 million per year. Sale proceeds were \$530.5 million in 2004 and are estimated to be \$1.2 billion in 2005.

When the law was enacted, there was general agreement that a substantial portion of the revenues generated would be spent to acquire and conserve other lands around Nevada. However, as land sale receipts under the Act have increased in the last few years, the available funding has outpaced land acquisition needs. These funds are increasingly being dedicated to local projects—and many more projects than originally anticipated are being formulated without the accountability of further consideration by the Congress.

The budget proposes that, beginning in 2006, 70 percent of all revenues from these lands sales would be returned to the Treasury, with the percent of receipts deposited in the special account set at 15 percent. The amount of revenue currently provided to the State and to the water and airport authorities would not change. Total combined revenues retained in the State would total 30 percent, with revenues for 2006 for these purposes projected at \$292.3 million, an amount four times larger than original projections in 1998 at time of enactment of the legislation.

BLM Range Improvement – The budget for BLM proposes to discontinue mandatory appropriations from the Range Improvement Fund totaling \$10.0

million annually. Instead, revenues will be deposited to the Treasury. To address rangeland improvement needs, the discretionary budget request for BLM includes \$6.0 million to focus on projects to improve rangeland health conditions, such as weed control, essentially replacing funding provided through the Fund. These projects are part of the Department's cooperative conservation request and will be matched by partners. Other operational increases for BLM, including \$7.0 million for sagebrush habitat and sage grouse protection and \$1.3 million for invasive weed control, will also support rangeland improvement goals.

Management Excellence

As public demands for Interior services increase—from Indian children who need schools to visitors who seek more outdoor recreational opportunities on our public lands—Interior must continue to enhance service and spend dollars wisely. Behind all our programs, out of the limelight, rests a management foundation through which we strive to improve program efficiency and effectiveness. The Departments and its bureaus continue to implement performance improvements.

Our 2006 budget includes investments in tools to enable our employees to do their jobs more efficiently and generate cost savings by implementing standardized systems.

The Department currently uses 26 different financial management systems and over 100 different property systems. Employees must enter procurement transactions multiple times in different systems so that the data are captured in real property inventories, financial systems, and acquisition systems. This fractured approach is both costly and burdensome to manage. We have underway an integration of our financial and business management systems to streamline and modernize basic administrative activities.

Our budget proposes an increase of \$9.5 million to support continued implementation of the Financial and Business Management System that will integrate financial management, procurement, property management and other systems. Through this effort, we will reengineer administrative processes throughout the Department. As the new system becomes fully operational, we will retire over 80 legacy systems and replace their functions with standardized business processes within the new, integrated system. In 2006, the National Park Service and Fish and Wildlife Service are scheduled to transition to the new system.

The 2006 budget includes a \$7.0 million increase for continued implementation of the Enterprise Services Network. The network leverages the existing BIA Trustnet, expanding it Department-wide, to provide secure, state-of-the-art internet and intranet connections and a fully functional operational center for data communications. In addition to providing better services for many Interior

offices, the system will provide a uniformly secure environment, standardized and efficient 24-hour/7-day operations, and improved technical support.

Conclusion

The budget plays a key role in advancing our vision of healthy lands, thriving communities, and dynamic economies. Behind these numbers lie people, places, and partnerships. Our goals become reality through the energy and creativity efforts of our employees, volunteers, and partners. They provide the foundation for achieving the goals highlighted in our 2006 budget.

This concludes my overview of the 2006 budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.