

**STATEMENT OF KEN SALAZAR, SECRETARY OF THE INTERIOR
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON INTERIOR,
ENVIRONMENT, AND RELATED AGENCIES
ON THE 2010 PRESIDENT'S BUDGET REQUEST**

May 13, 2009

Mr. Chairman and members of the Subcommittee, I am pleased to be here today to present the details of the 2010 budget request for the Department of the Interior. I want to thank the Chairman and this Subcommittee for its steadfast commitment to the stewardship of the Nation's natural and cultural resources and Native Americans. Your interest in this Department and support for Interior's programs has helped to build a strong foundation for a clean energy future and to tackle climate change impacts, conserve our treasured landscapes, and empower Native American communities. I look forward to working closely with this Subcommittee to build on that foundation.

Introduction

I am honored to serve as the 50th Secretary of the Interior and to oversee this Department and its 67,000 dedicated employees. Our expansive mission stretches from coast to coast. It spans the continent from the subtropical Everglades in Florida, west across 12 time zones to the insular areas in the Pacific, and north to the vast tundra in Alaska. Our land and community-based programs touch the lives of most Americans, including 1.7 million Native Americans and Alaska Natives.

Interior manages 500 million acres or about one in every five acres in the United States, including 391 national park units, 550 wildlife refuges, the 27 million-acre National Landscape Conservation System, and other public lands. These places are treasured landscapes and serve as economic engines for tourism and growth opportunities for recreation, wildlife conservation, and responsible resource use.

The Department's public lands and 1.7 billion acres on the Outer Continental Shelf supply nearly one-third of the nation's domestic energy production. These resources are vital to the Nation's energy security and provide economic returns to the Nation. In 2010, an estimated \$14.0 billion in revenues will be generated from these lands and waters.

The Department fulfills its special responsibilities to Native Americans managing one of the largest land trusts in the world including over 56 million acres held in trust for Indian Tribes and Individual Indians, over \$3.4 billion of funds held in over 2,700 trust accounts for approximately 250 Indian Tribes, and over 380,000 open Individual Indian Money accounts. The Bureau of Indian Education school system provides services to approximately 42,000 students in 23 States attending 183 elementary and secondary schools and supports 30 tribally controlled community colleges, universities, and post-secondary schools.

The Department of the Interior is truly the Department of America. We are uniquely positioned to provide enduring benefits to the American people. Our 2010 budget will allow us to make wise and prudent investments that will allow us to maximize opportunities to realize the potential of our lands and waters, resources, and people.

The First One-Hundred Days

Last week, President Obama and I marked our first one hundred days in office. It has been an exciting time as we have begun to change how the Department of the Interior does business. We have already implemented changes to improve accountability, transparency, and ethical reform; established a vision for a new energy frontier that will help to produce and transmit renewable energy from our public lands; set an agenda for protecting America's open spaces and treasured landscapes with stewardship based on sound science; started restoring the government-to-government relationship with Indian Tribes; announced a new 21st Century Youth Conservation Corps; and implemented the President's economic recovery plan.

We have released detailed implementation plans for \$3 billion appropriated in the American Reinvestment and Recovery Act that could create as many as 100,000 jobs in communities across the Nation, while significantly improving the safety and energy efficiency of our facilities; the state of our roads and trails; and habitat for wildlife including endangered species. This funding will also help to significantly accelerate efforts to realize the clean energy potential of our public lands.

Thanks to your support, the Recovery Act provided \$2 billion for the programs funded by this Subcommittee. Over 40 percent of these funds will be spent on deferred maintenance projects including road and trail maintenance, and 35 percent will be spent on construction and capital improvement projects. We are building and repairing Indian schools, stabilizing America's signature park structures, retrofitting our buildings to improve energy efficiency, restoring landscapes for wildlife and people, correcting safety hazards such as abandoned mines, and clearing trails. These projects will stimulate local economies across the Nation by providing employment opportunities and will make our parks, refuges and public lands more welcoming for over 450 million people that visit our lands each year.

Throughout the development of our Recovery Act program, I worked closely with the bureaus to encourage them to find the most meritorious projects. I believe that we have chosen well and that our projects will maximize job creation, help to stimulate the economy, meet the prescribed timeframes for completion, provide lasting benefits, and make you proud that you invested in our programs.

Our Recovery Act investments in the Bureau of Land Management will lay the groundwork for a critical national priority – achieving a clean and independent energy future. BLM will jump-start renewable energy development activities by conducting the regional environmental impact assessments and technical studies needed to pro-actively identify areas suitable for potential development. This investment is the first step to

fulfill a commitment I made in a March 11, Secretarial Order making the production, development, and delivery of renewable energy top priorities for the Department. I established an energy and climate change task force to spur a clean energy future and identify specific zones on public lands where Interior can facilitate a rapid and responsible move to large-scale production of solar, wind, geothermal, and biomass energy. For these renewable energy zones to succeed Interior will need to work closely with other Federal agencies, States and Tribes to identify electric transmission infrastructure and transmission corridors that are needed to deliver these renewable resources to major population centers.

Through the investments we are making with Recovery Act funding we will conserve America's timeless treasures and icons of our culture and heritage. Our projects will restore monuments, stunning natural landscapes, and parks and public lands that are integral to the lives of communities across the country. During the first one hundred days of this Administration the Congress enacted and President Obama signed the Public Lands Management Act of 2009, which will help us protect these important assets. In addition, our Recovery Act plan includes 2,291 projects in national parks, refuges, and public lands. These projects will accelerate our efforts to restore and protect natural and cultural resources.

You directed us to utilize our partnerships with the Student Conservation Association and other entities to expand youth engagement through the Recovery Act. We are using Recovery Act funding for youth partnerships that will launch our 21st Century Youth Conservation Corps initiative. This initiative will build capacity to engage young people in the outdoors and create a lasting interest in our treasured landscapes and cultural history. I have established an Office for Youth Programs to improve the coordination of bureau educational and outreach activities in order to seize this opportunity to invite our children and young adults into the outdoors.

Our first 100 days sets the stage for the future of this Department, and our 2010 budget gives us optimism about the days ahead and our ability to fulfill our bold agenda.

Overview of the 2010 Budget

The 2010 Interior budget request for current appropriations is \$12.1 billion, \$802.0 million or 7.1 percent above the level enacted by Congress for 2009. This comparison excludes \$3 billion enacted in the American Recovery and Reinvestment Act of 2009. Permanent funding that becomes available as a result of existing legislation, without further action by the Congress, will provide an additional \$6.1 billion, providing a total of \$18.2 billion for Interior in 2010.

The 2010 request includes \$11.0 billion for programs funded by this Subcommittee. This is an increase of \$857.0 million above the level enacted for 2009. This comparison excludes \$2 billion in enacted Recovery funding and \$50.0 million requested by the President in 2009 Supplemental funds for Wildland Fire. About 19 percent of the 2010

increase or \$160.8 million will fully fund anticipated increases for pay, health benefits, unemployment and workers compensation, and other fixed costs.

In 2010, Interior will continue an exemplary record of producing revenue for the American taxpayer. The estimate for revenue collections by the Department in 2010 is \$14.0 billion, which exceeds the amount requested for current appropriations.

The 2010 budget assumes the enactment of legislative initiatives to ensure better management of and a fair return for leasing on Federal lands and waters. These initiatives include a new fee on non-producing Gulf of Mexico offshore oil and gas leases to encourage timely domestic energy development, repeal of oil and gas and geothermal authorizations included in the Energy Policy Act of 2005, and discontinuation of Abandoned Mine Land payments to certified States and Tribes.

The budget also anticipates increased revenues will be available beginning in 2010 from oil and gas royalty reform, a new fee for offshore facility inspections, and a fee for processing onshore oil and gas applications. I hope to be able to work closely with you on the consideration of these proposals in the budget.

Creating a New Energy Frontier

The energy challenges the U.S. faces are severe. The Nation has seen \$4.00 per gallon gasoline and rising electricity costs. The Nation imports about 57 percent of the oil needed to fuel the country's transportation system, heat homes, and power the economy. The time has come to create new, clean sources of energy using the Nation's vast domestic resources. The President has a vision of energy independence driven by national security, economic security, and environmental health. His plan will steer the country onto a new energy path—one that creates new jobs and puts America out front in new, growing industries; one that promotes investment and innovation here at home; and one that makes responsible use of domestic resources.

Two weeks ago, on Earth Day, the President announced the completion of new regulations for the development of renewable energy resources on the Outer Continental Shelf. I have reached agreement with Federal Energy Regulatory Commission Chairman Jon Wellinghoff on an approach to manage, permit, and issue licenses in offshore waters. These actions are setting in motion our collaborative efforts with the Federal Energy Regulatory Commission and others to create new opportunities for the production of wind, wave, and solar energy offshore.

Renewable Energy – Through its stewardship responsibilities, Interior is uniquely positioned to help achieve the President's vision of a clean and independent energy future. The BLM has identified about 21 million acres of public land with high wind energy potential in the 11 western States and about 29 million acres with high solar energy potential in the six southwestern States. There are also 140 million acres of public land in western States and Alaska that have significant geothermal resource potential. In addition, there is considerable wind and wave energy potential offshore. The National

Renewable Energy Laboratory has identified more than 1,000 gigawatts of wind potential off the Atlantic coast, and more than 900 gigawatts of wind potential off the Pacific coast.

The 2010 budget request includes \$50.1 million to invest in renewable energy development on Interior public lands and waters. Through this initiative, we will engage the combined talents of the Department's bureaus: facilitating the development of renewable energy on public lands, developing a robust OCS renewable energy program, and using science to identify areas with the highest potential for responsible energy production on public and tribal lands.

The BLM and BIA will facilitate development of renewable energy sources on public and tribal lands, including, geothermal, wind and solar, and address the siting challenges associated with building a new transmission infrastructure. The 2010 request for the Bureau of Land Management proposes an increase of \$16.1 million to leverage Recovery Act funds and build a capacity to address anticipated needs for renewable energy and transmission development on the public lands. The Bureau of Indian Affairs economic development program will support the informed development of renewable energy resources on tribal lands with an increase of \$4.0 million.

The budget for the Minerals Management Service includes an increase of \$24.0 million to begin a program for renewable energy on the Outer Continental Shelf. The MMS will conduct environmental and technological studies and prepare environmental analyses to develop competitive renewable energy lease sales, and issue and monitor leases for individual projects.

With an increase of \$3.0 million, USGS will develop scientific information on the distribution of renewable energy resources including geothermal, biomass, wind, and solar to ensure environmentally sensitive development. An increase of \$3.0 million for the FWS consultation program will assure that renewable energy facilities are developed with minimal impact on natural resources.

Conventional Energy – The Administration's energy strategy includes the continued development and, where appropriate, expansion of domestic production of oil and gas and other mineral resources. The 2010 budget request includes increases of \$16.9 million for BLM and MMS to continue programs that support 30 percent of the domestic energy production in the United States. The Minerals Management Service will support the development of conventional energy resources with an increase of \$5.0 million to facilitate continued oil and gas leasing. The budget for the Bureau of Land Management maintains the bureau's capacity to process oil and gas applications for permits to drill through an increase of \$11.9 million in appropriations and a proposed increase of \$9.1 million in permit fee collections. These increases offset 2010 reductions in mandatory rental revenues previously supporting these activities.

Audit and Compliance – The budget request includes funding in three bureaus to improve revenue collection and oversight activities, needs identified by the Government

Accountability Office, the Department's Office of Inspector General, and other independent reviewers. The MMS budget includes \$1.7 million to provide timely and accurate production and gas plant accountability data and \$3.0 million to implement a risk-based audit and compliance protocol. There is an additional \$2.5 million requested for BLM's Oil and Gas Management program to enhance production verification capabilities; and \$1.0 million is requested in BIA to establish standards for renewable energy development.

Tackling Climate Impacts

Inextricably linked with the need for a clean energy future is the need to tackle climate change impacts. With lands that range from the Arctic to the Everglades, Interior's managers observe the sometimes dramatic effects of a changing climate, including thawing permafrost and melting glaciers, changes in precipitation patterns, and sea level rise. In this dynamic context, Interior managers need information, tools, and resources to measure, understand, and respond to on-the-ground impacts. As the largest land manager in the Nation, Interior is positioned to pioneer adaptive management approaches to address the effects of climate change.

In April of this year, the USGS released a report prepared in close collaboration with the British Antarctic Survey indicating that Antarctica's glaciers are melting more rapidly than previously known because of climate change. The USGS study documents for the first time that one ice shelf has completely disappeared and another has lost a chunk three times the size of Rhode Island. This research is part of a larger ongoing project that is studying the entire Antarctic coastline.

This study provides the first insight into the extent of Antarctica's coastal and glacier change. The rapid retreat of glaciers demonstrates the profound effects our planet is experiencing, with rates of change occurring more rapidly than previously known, as a consequence of climate change. The scientific work of USGS combined with the Department's on-the-ground resource management programs and States and Tribes, are a critical component in the Administration's commitment to combat climate impacts.

The 2010 budget request for the Department includes increases totaling \$133.0 million to address the impacts of climate change on land, water, and wildlife resources. The Climate Impacts initiative integrates the activities of the BLM, USGS, FWS, NPS, and BIA to measure and monitor climate-induced change and share information with State, tribal and other managers and to formulate strategies to protect wildlife and habitats through adaptive resource management. The budget increase will allow the bureaus to work collaboratively to expand capability in climate impact science, adaptive management techniques, and carbon sequestration.

Monitoring Networks and Adaptive Strategies — Interior's Climate Impacts initiative includes \$65.0 million to establish a strong monitoring network that will comprehensively track and provide information on climate impacts on land, water, and wildlife resources and to develop adaptation strategies for improved management. The

BLM, USGS, FWS, and NPS will work together to develop scientific data about climate-induced changes that are occurring and those that are predicted to occur, and then translate this scientific input into on-the-ground strategies for land and water managers.

The majority, \$80.0 million or 60 percent, of funding proposed for the Climate Impacts Initiative is within the 2010 request for the Fish and Wildlife Service. This includes two components: \$40.0 million for grants to States and Tribes, provided through the FWS State and Tribal Wildlife Grants program, and \$40.0 million to tackle climate impacts on refuges, fisheries and other resources.

The State Grants component will assist with planning, implementation strategies, and activities to help fish and wildlife adapt to the impacts of climate change. The FWS climate impact component includes: \$20.0 million in Resource Management to obtain the information needed to plan and deliver conservation activities that address the impacts of climate change on fish and wildlife and their habitat. Biological planning, conservation design, and monitoring will be important in formulating our response to help wildlife adapt. The Service will use \$12.0 million to plan, monitor, and implement adaptive management on refuge lands and another \$6.0 million to help fish and wildlife adapt to the impacts of climate change on private lands. Additionally, \$2.0 million will be used, through the National Fish Habitat Action Plan, to help freshwater fish and other aquatic species adapt.

Additional increases for the Bureau of Land Management (\$15.0 million), the National Park Service (\$10.0 million), and the Bureau of Indian Affairs (\$6.0 million) will support resource assessment, monitoring, habitat restoration and climate impact mitigation efforts.

Climate Impact Science – The 2010 USGS budget includes an increase of \$15.0 million within the Climate Impacts initiative for scientific research, forecasting, and modeling activities to better assess climate change impacts on national resources and develop response strategies. This funding will also expand priority climate change monitoring, develop regional collaborative research hubs through the National Climate Change and Wildlife Science Center, and collaborate on climate impact science.

Carbon Sequestration — Forest and rangelands, wetlands, and other landscapes managed by the Interior Department play a vital role in the carbon cycle. These natural systems soak up carbon dioxide and thereby reduce the harmful effects that carbon dioxide and other heat-trapping gases can otherwise cause. This absorptive capacity of our landscapes has played a key role in reducing the negative impacts of climate change. The Department's bureaus will enhance the absorptive capacity of lands by engaging in more aggressive re-vegetation and tree planting strategies, ecosystem restoration, wetland protection, and similar strategies, to enhance the carbon cleansing capability of natural systems.

The 2010 budget includes an increase of \$7.0 million for USGS to research both geological and biological carbon sequestration potential. In 2010, with the completion of

its 12-month project to develop the appropriate methodology, USGS will begin the initial stages of a national assessment of geologic sequestration of carbon dioxide in saline formations and depleted oil and gas reservoirs. With this new funding, USGS will also develop methodologies to measure and assess biological carbon sequestration.

A key aspect of climate impacts, particularly in the West, is increased variability of water supplies. Although the Bureau of Reclamation is not within the jurisdiction of this Subcommittee, the bureau's water conservation, water basin studies and water recycling and reuse activities are an important complement to the Department's climate impacts initiative. The 2010 budget increases water conservation challenge grants by \$26.0 million.

Protecting Treasured Landscapes

In the spirit of the bold, visionary actions that President Theodore Roosevelt took when he established the first National Wildlife Refuge at Pelican Island, Florida and developed a framework for the national park system, President Obama is committed to the preservation of landscapes in parks, refuges, and other public lands. President Obama signed the Omnibus Public Land Management Act of 2009 on March 20 and began a new era in land management with new, organic legislation for BLM's National Landscape Conservation System. This landmark legislation added two million acres of new wilderness and preserved 1,000 miles of wild and scenic rivers. This Act will allow us to protect some of America's most special places and is a wonderful addition to the legacy of treasured landscapes that we already manage.

The 2010 President's budget signals this commitment with an unprecedented \$2.3 billion for park operations, a program increase of \$100.0 million above 2009 enacted levels. Funding will be focused on three key areas: building a solid foundation for parks, caring for America's treasures, and enhancing leadership in parks. Included in the operations funding increase is \$57.5 million for park base funding. These funds will be used to enhance core visitor services and resource protection needs at 212 parks. An additional \$21.7 million will be used to enhance major procurement and contracting services in parks, increase officer and civilian staffing in the United States Park Police, and build organizational capacity to better serve customers and recruit a new and diverse workforce.

The Park Service has a long and impressive history of caring for America's natural and historic treasures and ensuring their continued appreciation, understanding and enjoyment. Today, as NPS readies itself for the next 100 years, efforts are underway to face a new set of challenges. The 2010 NPS budget request includes an additional \$5.0 million to enhance youth environmental education, vocation and volunteer service opportunities through the Department's 21st Center Youth Conservation Corps initiative; \$10.0 million to monitor, adaptively manage, and assess the impacts of climate change on park resources as a part of the Climate Impacts initiative; \$4.9 million to enhance critical stewardship programs at parks through research, operational, and educational activities;

\$2.2 million to expand emergency storm damage response capability; and \$150,000 to enhance visitor health and safety programs.

The 2010 budget includes \$3.9 million to address one of the long-term challenges facing NPS — the need to develop a workforce that reflects the changing and diverse face of America and demonstrates management excellence. The budget funds training for new superintendents and establishes a new leadership development program open to all employees to equip NPS managers with the skills to recruit and manage a diverse workforce.

Park Partnerships – The 2010 budget recognizes the strong American tradition of philanthropy for national parks and includes \$25.0 million for Park Partnership Project Grants. The combined benefit to the NPS would be over \$50.0 million for signature projects or programs. This proposal mirrors the action that this Committee took in 2008 to fund programs and projects that will leave a lasting legacy for future generations.

Investing in the Land and Water Conservation Fund – Recognizing the importance of America’s natural and recreational resources, in 1962 the Kennedy Administration introduced legislation to establish a new Federal conservation fund. The next year, Kennedy repeated the proposal, writing to Congress, “Actions deferred are all too often opportunities lost, particularly in safeguarding our natural resources.” In 1964, Congress created the Land and Water Conservation Fund to conserve, develop, and utilize outdoor recreation resources for the benefit and enjoyment of the American people.

The law sought to accomplish these goals by providing funds for acquisition and development of lands and by providing Federal assistance to States in recreation planning, acquiring lands and waters, and development of recreation facilities. These activities are funded through a trust fund that receives revenues primarily generated from OCS oil and gas drilling activities. Other funding sources include the sale of surplus Federal real property and taxes on motorboat fuel. The annual authorized level is \$900.0 million; appropriations have been provided at this level only twice during the program’s 45-year history. Over the life of the program, seven million acres have been purchased with LWCF appropriations. More than 41,000 matching grants to State and local governments have been approved for acquisition, development, and planning of outdoor recreation opportunities in the United States.

President Obama has a goal to fully fund the LWCF at \$900 million annually by 2014. The 2010 President’s budget includes \$419.9 million, an increase of \$115.8 million, as a first step toward achieving this goal. The 2010 budget includes \$300.2 million for Interior LWCF programs and \$119.7 million for the Forest Service. Within the Interior total is \$170.1 million, an increase of \$59.7 million, for protection of treasured landscapes.

The 2010 request includes \$30.0 million to assist States and local and tribal governments to protect and create park lands, open space, and wildlife habitat through competitively awarded LWCF grants. This is an increase of \$11.0 million over the 2009 enacted level

of \$19.0 million. The 2010 budget request includes \$27.2 million for grants and \$2.8 million for administration. An additional \$10.0 million in State conservation grants is available from the LWCF in mandatory appropriations.

The 2010 budget request includes \$100.0 million, an increase of \$24.5 million over 2009, for the Cooperative Endangered Species Conservation Fund. This program provides grants to States for activities that conserve threatened and endangered species. States can, in turn, pass the funding on to municipalities, Tribes, and private landowners to enlist their support in species conservation efforts.

Creating a 21st Century Youth Conservation Corps

The future of resource conservation and management on the public lands depends upon the next generation's understanding of the importance of natural resources and cultural treasures. The 2010 budget includes a 21st Century Youth Conservation Corps initiative to signal a new emphasis on youth involvement. An Educating Young Hunters and Anglers component of the initiative addresses the President's Rural Agenda item to support the rights and traditions of sportsmen. The 21st Century Youth Conservation Corps initiative leverages the expansion of youth partnerships undertaken with Recovery Act funding and the creation of a new office to coordinate youth programs.

The budget includes \$50.0 million to develop new ways to engage youth and under represented groups in nature and help them to achieve environmental awareness and respect for America's exceptional natural resources. The initiative has two distinct components—educating young hunters and anglers and an environmental education component that will engage and encourage youth in environmental conservation and to seek careers in America's great outdoors.

Educating Young Hunters and Anglers – In support of the President's efforts to educate young hunters and anglers, the budget request includes \$28.0 million for a new discretionary Federal Aid in Wildlife grants program to help States, Territories, and Tribes establish new, creative programs to engage young hunters, anglers, and wildlife managers. Special emphasis will be placed on under-represented groups. Included within the request is \$2.8 million targeted specifically for grants to Tribes.

The 2010 budget request includes an increase of \$1.0 million for the National Fish and Wildlife Foundation to establish a public-private partnership to promote these efforts. Another \$1.0 million is included in the budget for the National Conservation and Training Center to provide workshops and other training to develop the capacity of Federal, State, and tribal agencies to develop new and creative methods to increase interest in hunting, fishing, and other wildlife management.

21st Century Youth Conservation Corps – Studies show that vast numbers of children spend much of their lives indoors playing video games or watching television, with little contact, understanding or appreciation of the natural world. A large body of evidence attributes improved health, particularly in youth, to nature and exposure to the natural environment. Childhood experiences with nature are associated with increased

environmental awareness. An investment of \$20.0 million will be made in BLM, USGS, FWS, and NPS to promote youth engagement and environmental awareness. Specifically, the 2010 budget identifies a three-pronged approach: engage youth in public service; enhance science-based programs offered through schools and community partners; and improve curricula of national environmental education programs. In addition to promoting health and environmental awareness, these resources will support efforts to develop an interest among talented and capable young people in entering public service as natural resource professionals.

Empowering Indian Country

President Obama has placed a high priority on restoring the government-to-government relationship with Indian Tribes. Restoring the relationship requires a commitment to helping Indian communities prosper, and the 2010 budget provides increased resources that will support this commitment. The 2010 budget provides increases totaling \$102.0 million to strengthen law enforcement and provide expanded educational opportunities in the Bureau of Indian Education school system and through Tribal Colleges and Universities. The 2010 budget also funds newly enacted Indian Water Rights Settlements with an increase of \$25.8 million.

Protecting Indian Country – The 2010 budget advances efforts to improve safety in Indian Country with a comprehensive request to promote law enforcement. The 2010 budget for BIA makes new investments in officers on the street, specialized training, detention centers, and tribal courts. The 2010 proposal builds on the congressional support provided in 2008 and 2009, and provides an additional \$30.0 million in program funding.

The largest component of this initiative is an increase of \$10.5 million to aggressively address law enforcement staffing needs throughout Indian Country. The additional funding will strengthen the law enforcement presence on Indian reservations by hiring additional officers. In order to meet the demand for these new officers, Indian Affairs must also expand its training capabilities. The budget includes \$500,000 to establish the Indian Police Academy outreach program.

One of the biggest challenges for Indian Affairs has been managing the individuals arrested as a result of increased officers and increased arrests. The initiative proposes \$70.4 million for the corrections program, including an increase of \$5.0 million to fund additional correctional officers, contracted bed space for prisoners, and an armed transport officer program. The initiative also includes an increase of \$2.0 million above the 2009 enacted level of \$6.3 million to specifically target the drug trade and reduce violent crime. This funding will advance intelligence gathering capabilities and provide additional support for victim and witness services.

Another important component of the Indian Affairs justice system is the Tribal Courts program and sustained support for oversight and management. The initiative includes an

increase of \$8.0 million to improve the efficiency and operations of tribal courts and \$4.0 million for the management functions.

Advancing Indian Education — The 2010 Advancing Indian Education initiative will sustain \$716.2 million enacted in 2009, and provides an additional increase of \$72.0 million for education programs.

The 2010 request of \$391.7 million for the Indian Student Equalization Program formula funds includes an increase of \$6.7 million in teacher pay to fund fixed costs and a \$10.0 million program increase. These funds are one of the primary sources of funding for the BIE's 169 elementary and secondary schools and 14 dormitories. Funds directly support schools for core operating costs, such as salaries for teachers, aides, administrators, support staff, and supplies and classroom materials. The 2010 request also includes \$59.4 million for operation of elementary and secondary school facilities, an increase of \$2.0 million above the 2009 enacted level. The program funds operational expenses for educational facilities at all 183 BIE schools and dormitories.

The Bureau of Indian Education is committed to assist Indian students to attain post-secondary educational credentials. The BIE administers operating grants for tribally-operated colleges and universities. Included in this request is \$64.3 million for Tribal Colleges and Universities, an increase of \$5.0 million over the 2009 enacted level. The budget also includes a one-time increase of \$50.0 million to forward fund activities at Tribal Colleges and Universities for the 2010-2011 school year. Tribal college leaders have repeatedly stated that forward funding provides them greater financial security to plan for the academic year. It is a budgeting technique widely used at educational institutions, including the BIE elementary and secondary school system.

The initiative includes \$34.6 million for Scholarships and Adult Education, \$5.0 million above the 2009 enacted level. This funding not only improves opportunities for American Indians and Alaska Natives to attain an advanced education, it directly supports the spirit and intent of Indian self-determination by providing the tools to shape their future.

Resolving Land and Water Claims – The Omnibus Public Land Management Act of 2009 included two major Indian Water Rights settlements. The Northwestern New Mexico Rural Water Projects Act authorizes settlement of the longtime water rights claims of the Navajo Nation in the San Juan Basin in New Mexico. The 2010 budget includes \$6.0 million for this settlement.

The Shoshone-Paiute Tribes of the Duck Valley Reservation Water Rights Settlement reached after a decade of negotiations, resolves tribal surface and ground water claims in Nevada and establishes trust funds for the Tribes to put water to use. The 2010 budget includes \$12.0 million for this settlement.

Budget Priorities

Wetlands – May is American Wetlands Month, recognizing the importance of wetlands. Wetlands are among the most productive habitats on earth, providing shelter and nursery areas for commercially and recreationally important animals like fish and shellfish, as well as vital wintering grounds for migratory birds. The 2010 budget fulfills President's Obama's commitment for wetlands preservation with an increase of \$10.0 million for the North American Wetlands Conservation Fund. This increase will be leveraged with matching funds from partners and will protect an additional 45,000 acres of wetlands and associated uplands and enhance 15,000 acres of habitat.

Great Lakes Restoration — The 2010 budget for the Environmental Protection Agency includes a \$475.0 million Great Lakes Restoration initiative. The initiative will fund a broad-based strategy to restore the Great Lakes in support of the President's pledge for a comprehensive approach to Great Lakes restoration. Working in concert with its Federal partners on the Great Lakes Interagency Task Force, EPA has identified a series of projects that will begin in 2010. Projects that will be undertaken target the most significant problems in the Great Lakes ecosystem and will demonstrate measurable results. EPA's 2010 request estimates funding of \$15.0 million for USGS, \$57.5 million for FWS, \$10.5 million for NPS, and \$3.0 million for BIA. Interior will use this funding to restore habitats that are important to the health of the Great Lakes region including wetlands, islands, and tributaries. Cooperative projects will be funded to combat invasive species, conduct scientific research to identify threats to the region, and develop mitigation strategies.

Wild Horse and Burro Management – The BLM manages wild horses and burros under the Wild Free-Roaming Horses and Burros Act, a 1971 law that sets forth certain protections for the animals and guides the BLM's management of the horse and burro populations. The 2010 budget includes \$67.5 million, a program increase of \$26.5 million over the 2009 level, for the Wild Horse and Burro Management program. This significant funding increase is needed to fund increases in the costs to hold horses that have been removed from the range, to fund ongoing gathers to manage the population on the range, and to more aggressively implement population control efforts to help slow the growth in wild horse populations.

Wildland Fire Management – The Department's Wildland Fire program works collaboratively with the Forest Service to conduct effective and cost-efficient fire preparedness, suppression, hazardous fuels reduction, and other prevention activities in support of the National Fire Plan. Wildland fire management activities are conducted by four bureaus including BLM, FWS, NPS, and BIA. The 2010 budget request of \$899.9 million for Wildland Fire Management includes an increase of \$34.6 million in Suppression Operations to fully fund the ten-year average cost of \$369.8 million. In addition, the budget establishes a new discretionary Wildland Fire Contingency Reserve Fund of \$75.0 million for fighting catastrophic wildfires, which would be available after the appropriated ten-year average is exhausted and other specific objectives are met.

Working Capital Fund — The Department's 2010 budget request includes funding for continued deployment of an integrated business management system that will be used by all bureaus and offices. The 2010 budget of \$85.8 million for the Working Capital Fund is an increase of \$12.4 million above the 2009 enacted level. Of this amount, \$80.4 million is included to fund continued development and deployment of the Financial and Business Management System, an increase of \$7.0 million over the 2009 enacted level. This includes funding to support bureau efforts in preparing for deployment and transitioning to the new system. The budget also includes \$5.4 million for costs associated with enterprise wide information technology enhancement requirements, which are needed to support investments for improved transparency and accountability.

Legislative and Administrative Proposals

The 2010 budget request is accompanied by proposals that will affect receipt or spending levels in 2010 or in future years. These proposals will be transmitted separately from the budget for consideration by congressional authorizing committees.

Fee on Non-Producing Leases – To further encourage timely domestic energy development, the Administration will submit legislation to impose a new fee on nonproducing oil and gas leases in the Gulf of Mexico. This new fee would provide a financial incentive for oil and gas companies to either move leases into production or relinquish them so that tracts can be re-leased and developed by new parties. The proposal would require holders of Gulf of Mexico OCS oil and gas leases to pay a \$4 per acre fee when leases are in nonproducing status.

Payments to Certified States and Tribes – The budget proposes to discontinue mandatory payments from the General Treasury to States and Tribes that have certified as completing the reclamation of their abandoned coal mine sites. Because payments to certified States and Tribes can be used for any purpose approved by the State legislatures or tribal councils, they do not contribute to the intended purpose of the AML program, to reclaim abandoned coal mines. This proposal would not affect payments to States that have not yet certified that abandoned coal mines have been reclaimed.

Energy Policy Act – The Administration will submit legislation to repeal portions of Section 365 of the Energy Policy Act, which diverted mineral leasing receipts from the Treasury to a BLM Permit Processing Improvement Fund and prohibited BLM from establishing cost recovery fees for processing applications for oil and gas permits to drill. Upon repeal of Section 365, BLM will establish fees for applications for permits to drill through a rulemaking process. Until these fees can be put in place, the Budget assumes that for 2010, a permit processing fee will continue to be charged through an appropriations provision, consistent with Congress' practice for 2008 and 2009.

Geothermal Implementation Fund and Payments to Counties – The Administration will submit legislation to repeal Sections 224(b) and 234 of the Energy Policy Act of 2005. Prior to passage of the Energy Policy Act, geothermal lease payments were split 50-50 between the Federal government and States, with 50 percent directed to States, 40 percent

to the Reclamation Fund, and ten percent to the General Fund. The Energy Policy Act changed this distribution to direct 50 percent to States, 25 percent to counties, and 25 percent to a new Geothermal Steam Act Implementation Fund. The repeal of Sections 224(b) and 234 will reverse these changes and restore the disposition of the geothermal revenue to the historical formula of 50 percent to the States and 50 percent to the Treasury.

Compact with Palau – The Office of Insular Affairs and the Department of State are currently engaged in an inter-agency review of the Compact of Free Association with the Republic of Palau. Permanent and indefinite funding for Palau will expire at the end of 2009. The inter-agency group is weighing the value of this request against the United States’ interests. Palau has a strong track record of supporting the U.S. in the United Nations and its location is strategically linked to Guam and U.S. operations in Kwajalein Atoll. The budget assumes a placeholder of \$7 million in 2010 in recognition of these negotiations.

The budget also assumes implementation of proposals that will result in increased revenue, which in some cases offset the costs of operations.

Royalty Reform – The Department is initiating a comprehensive review, not requiring legislation, of oil and gas leasing and royalty policies to consider and evaluate a range of reform options that would have the effect of both assuring a fair return to the American taxpayer and encouraging diligent development of future leases. As part of this review, the Department will consider the recommendations of a recent Government Accountability Office report that urges the Department to consider alternative leasing and royalty practices, such as those utilized by States and private landowners. Upon completion of this review, the Department will move forward to implement a rulemaking. The budget assumes these reforms will increase revenues to the Treasury by \$1.5 billion over ten years.

Offshore Facility Inspection Fee – Through appropriations language, the Interior Department proposes to implement an inspection fee in 2010 for each above water OCS oil and gas facility, except mobile offshore drilling units, that is subject to inspection by MMS. The proposed inspection fee is tiered based on the number of wells per facility and would support Federal efforts to provide services that not only ensure human safety, but also protect the environment and conserve energy and marine resources. The budget assumes these fees will total \$10.0 million in 2010.

Application for Permits to Drill – The 2010 budget assesses an APD fee through appropriations language, an approach taken by Congress in the 2009 Appropriations Act. The 2010 budget proposes to raise the fee from \$4,000 to \$6,500 per APD, which would generate an estimated \$45.5 million in offsetting collections, an increase of \$9.1 million over the 2009 estimate. This increase in offsetting collections, combined with a requested increase of \$11.9 million in discretionary appropriations for the Oil and Gas Management program, will fully offset the proposed cancellation of the mandatory

spending, thereby maintaining BLM's current capacity for processing APDs and other use authorizations.

In total these proposals are expected to generate over \$300 million in 2010 revenues that help to reduce the overall cost of Interior's programs. The 2010 budget also proposes over \$300 million in cost savings resulting from the completion of one-time projects, elimination of funding for earmarks, and reductions to lower priority programs.

Conclusion

Thank you for the opportunity to testify on behalf of the President's 2010 budget request for the Department of the Interior. I want to reiterate my appreciation for the long-standing support of this Subcommittee. We have a tremendous opportunity to improve the future for our children and grandchildren with wise investments in clean energy, climate impacts, treasured landscapes, our youth, and the empowerment of Native Americans. I look forward to working with you to implement this budget. This concludes my written statement. I am happy to answer any questions that you may have.