

# Committee on Natural Resources

Rob Bishop, Chairman  
Hearing Memorandum

June 19, 2017

To: All Natural Resource Committee Members

From: Majority Committee Staff (x5-2761)

Hearing: Oversight hearing titled “*Examining the Department of the Interior’s Spending Priorities and the President’s Fiscal Year 2018 Budget Proposal*”

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The House Natural Resources Committee will hold a full committee budget oversight hearing on the President’s Fiscal Year 2018 (FY18) budget request and other spending as it relates to the U.S. Department of the Interior. The hearing will take place on **Thursday, June 22, 2017, at 9:30 a.m. in 1324 Longworth**. This hearing will consist of one panelist, the Secretary of the Interior, the Honorable Ryan Zinke. The hearing will focus on the new priorities of the Department and its sub-agencies under the new Trump Administration.

## **Policy Overview**

The Department of the Interior’s (DOI) FY18 Budget Request:

- Reduces new major federal land acquisitions and refocuses budget resources on maintaining and improving existing federal lands.
- Increases funding for DOI programs that support environmentally responsible development of energy on public lands and offshore waters.
- Streamlines management operations to support responsible land stewardship in the National Park Service (NPS), U.S. Fish and Wildlife Service (FWS) and Bureau of Land Management (BLM).
- Uses funds to leverage private investment on federal lands, reducing costs to the taxpayer and creating innovative streams of revenue.
- Increases funding to address the NPS’s massive deferred maintenance backlog.
- Eliminates unnecessary, lower priority or duplicative programs.
- Provides funding for DOI’s U.S. Geological Survey (USGS) to focus investments in essential science programs.

**Invited Witness:**

*The Honorable Ryan Zinke*  
Secretary  
U.S. Department of the Interior  
Washington, DC

*Accompanied by:*

*Ms. Olivia Barton Ferriter*  
*Deputy Assistant Secretary*  
*Budget, Finance, Performance and Acquisition*  
*U.S. Department of the Interior*  
*Washington, DC*

*Ms. Denise Flanagan*  
*Director, Office of Budget*  
*U.S. Department of the Interior*  
*Washington, DC*

**Overall Summary of Budget** *(including Interior, Environment & Related Agencies and Energy & Water Development)*

|                                 |                                    |
|---------------------------------|------------------------------------|
| FY17 President's Request        | \$20.54 billion <sup>1</sup>       |
| FY17 Enacted CR                 | \$19.19 billion                    |
| <b>FY18 President's Request</b> | <b>\$17.98 billion<sup>2</sup></b> |

***Increases funding for the Department of the Interior (DOI) programs that support environmentally responsible development of energy on public lands and offshore waters.***

The President's budget proposes \$791.2 million in current and permanent funding for energy related programs, which is \$16.3 million more than the 2017 level.<sup>3</sup> The budget reflects the Department's plans to increase access to public lands, reduce burdensome regulation, and balance conservation concerns while pursuing an "all-of-the-above" energy development strategy. This includes a \$375.9 million offshore energy development program, which is a \$1.1 million increase over the 2017 level.<sup>4</sup> An additional \$10.2 million is requested for Bureau of Ocean Energy Management (BOEM) to update the Five-Year Outer Continental Shelf Oil and Gas Leasing Program. The budget also requests \$75.9 million, a \$16 million increase for the BLM oil and gas management program.<sup>5</sup>

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<sup>1</sup> Page DH-11, *Fiscal Year 2017 Interior Budget in Brief*, February 2016. (See: [https://www.doi.gov/sites/doi.gov/files/uploads/2017\\_Highlights\\_Book.pdf](https://www.doi.gov/sites/doi.gov/files/uploads/2017_Highlights_Book.pdf))

<sup>2</sup> Page DH-16, *Fiscal Year 2018 Interior Budget in Brief*, May 2017. (See: [https://edit.doi.gov/sites/doi.gov/files/uploads/2018\\_highlights\\_book.pdf](https://edit.doi.gov/sites/doi.gov/files/uploads/2018_highlights_book.pdf))

<sup>3</sup> Id, page DH-6

<sup>4</sup> Id, page DH-7

<sup>5</sup> Id, page DH-7

### ***Streamlines Management Operations and Improves Permitting Process***

The Department's FY18 budget includes \$98.8 million for the Fish and Wildlife Service's planning and consulting activities. This equals the 2017 level and maintains the FWS capability to meet its legal consultation requirements while also avoiding delays for infrastructure projects.<sup>6</sup> The request also proposes level funding for the BLM to address siting for energy transmission projects.<sup>7</sup>

### ***Infrastructure Management and Addressing Deferred Maintenance Backlog***

The Department of the Interior manages an infrastructure asset portfolio with a value of roughly more than \$300 billion, including 43,000 buildings, 100,000 miles of road, and 80,000 structures comprising of dams, irrigation and power infrastructure.<sup>8</sup> The Secretary of the Interior has pledged to address the deferred maintenance backlog of the National Park Service by prioritizing the needs of the agency to tackle the overwhelming construction and maintenance projects through a budget increase of \$21.0 million for a total of \$236.3 million above 2017 levels.<sup>9</sup> Total maintenance funding for the Department is set at \$1.4 billion, excluding projects within the Bureau of Reclamation.

Reclamation projects account for roughly 40 percent of the Department's asset portfolio and cover everything from dams, canals, power plants, and water pipelines for 17 western states. The Department has requested a total of \$1.1 billion for Reclamation in FY18, \$88.1 million of which will fund the Dam Safety Program. Bridges and roads account for about half of the Department's deferred maintenance backlog. By leveraging the Department's funds with matching funds from the Federal Lands Transportation program funded by the Department of Transportation's Highway Trust Fund, there will be significant improvements made towards addressing the roads maintenance backlog in the coming fiscal year. Projects such as the NPS request for first phase repairs of Arlington Memorial Bridge as well as much need infrastructure improvements across Bureau of Indian Affairs (BIA) owned roads across remote parts of Tribal lands are set to begin.

### ***Responsible Spending Reductions and FTEs***

The President's budget for FY18 is \$11.7 billion in current authority, which is \$1.6 billion, or 12 percent lower than the 2017 CR baseline level.<sup>10</sup> To accomplish this, the Department of the Interior reduces lower priority programs by \$1.6 billion and supports 59,968 full-time equivalents or FTEs.<sup>11</sup> The Department of Interior will rely on a combination of attrition and separation incentives to meet the goals set forth by the President's March 2017 Executive Order on a *Comprehensive Plan for Reorganizing the Executive Branch*. The Department is setting out to develop an Agency Reform Plan to address long-term reduction throughout all agencies and has instituted a limited hiring freeze in both Washington, DC and Denver, CO areas. Secretary Zinke has encouraged more on the ground field position hiring practices and less desk jobs in the Department's agency offices.

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<sup>6</sup> Id, DH-8

<sup>7</sup> Id

<sup>8</sup> Id

<sup>9</sup> Id, page DH-8

<sup>10</sup> [Interior Budget in Brief, FY2018, page DH-5](#)

<sup>11</sup> ID, page DH-13

Other priorities include minimizing the Department's physical footprint through consolidation of facilities maintained by Interior both in Washington, DC and across the country. Another area of focus will be maintaining the financial and business systems of the Department through a multi-year effort of implementing the Financial and Business Management System. This modern, integrated system helps Interior support better management and accountability of their budget execution, financial management and other related areas fiduciary responsibility through more secure and transparent measures. The FY18 Financial and Business Management budget is reduced by \$7.5 million below the 2017 level to a request of \$46.3 million.<sup>12</sup> It is the goal of the Department to increase data quality and consistency across all agencies while avoiding technical obsolescence and decreasing manual processes.

***Significantly Refocuses Budget from Federal land acquisition programs to address backlogs***

The budget seeks \$54 million for land acquisition, \$129.1 million below 2017 levels.<sup>13</sup> This move demonstrates recognition of the need to better manage existing federal lands, especially while the Department of Interior's deferred maintenance backlog exceeds \$15 billion.<sup>14</sup> The requested funding for acquisition is maintained in each bureau for emergencies or acquisition of inholdings needed to improve management of established areas or to increase access.

***Upholding America's Trust Responsibilities***

The DOI plays a vital role to foster our country's government to government relationship between 567 federally recognized Tribes of American Indians and Alaskan Natives. Through the Office of Insular Affairs (OIA), the Department is also primarily involved with building up our relationship between the U.S. territories of Guam, the U.S. Virgin Islands, American Samoa and the Commonwealth of the Northern Mariana Islands. Also of importance is OIA's responsibility towards maintaining stewardship and sustained oversight of the Compacts of Free Association the United States has signed with the three Freely Associated States (FAS) Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands. From the federally recognized tribes to the insular areas, DOI focuses resources on helping these local governments maintain community services, restore tribal homelands and culturally significant sites, execute fiduciary trust responsibilities, promote self-sufficiency and help expand economic opportunity across these remote areas by empowering tribal and insular communities.

The President's Request of \$2.48 billion for the Bureau of Indian Affairs (BIA), \$119.4 million for the Office of the Special Trustee (OST) and \$715.8 million for the Office of Insular Affairs reaffirms the Administration's commitment to supporting tribal and insular communities through initiatives such as Indian education programs, full funding for Contract Support Costs and Tribal Grant Support Costs, and authorized land and water rights claim settlements, to name a few. A significant piece of the President's Budget Proposal includes a transfer for \$123.9 million from the Department of Defense to DOI for complete enactment of a revised Palau Compact. The Administration has expressed intentions to fulfill the terms of the Compact this fiscal year and continues to request that inclusion of the necessary funding be made available to the Department through a transfer of funds from Defense.

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<sup>12</sup> Id, page DH-15

<sup>13</sup> [Interior Budget in Brief, FY2018, page DH-10](#)

<sup>14</sup> Id. page DH-8

## **Highlights of Bureaus' and Sub-agencies' Proposed FY18 Budgets**

### **Bureau of Land Management**

|                                 |                        |
|---------------------------------|------------------------|
| FY17 Enacted                    | \$1.447 billion        |
| <b>FY18 President's Request</b> | <b>\$1.224 billion</b> |

The Bureau of Land Management (BLM) is charged with managing public lands on behalf of all Americans. The BLM oversees a total of 245 million surface acres, as well as 700 million acres of sub-surface minerals throughout the nation. This accounts for 13% of the nation's surface land, and one-third of its mineral resources. As such, the Bureau is challenged to balance the development of its valuable surface and mineral resources against other uses of public lands. President Trump's America First initiative is advanced through development of the Nation's public resources, including both traditional and renewable sources of energy.

The President's FY18 budget request is for \$1.1 billion, approximately \$162.8 million below the 2017 Continuing Resolution baseline level. This total is broken into two main operating accounts, the Management of Lands and Resources, at \$961.1 million, and the Oregon and California Grant Lands, at \$89.8 million. This budget also proposes \$3.6 million for Land Acquisition.

### ***Oil and Gas Management Program***

The Bureau requests \$16 million to increase the administrative and staffing capacity of the Oil and Gas Management program, to more efficiently process permits and associated approvals. Facilitating the leasing and drilling permitting process is a key focus of the new Administration, as bureaucratic delays in these processes discourage investment in America's public mineral resources. The additional requested funding will ensure that the BLM has the capacity to fully consider and efficiently process Applications for Permits to Drill ("APDs"), Expressions of Interest ("EOR"), and administrative delays in approving the Rights of Ways for critical infrastructure that supports operations.<sup>15</sup>

### ***Coal Management Program***

Additionally, the Bureau requests \$8 million to optimize the Coal Management program. With this funding, the BLM will work with other departments in the Department of Interior to identify challenges to the leasing process, and to develop practical and effective solutions. The BLM will work closely with the Office of Surface Mining Reclamation and Enforcement ("OSMRE"), the Office of Valuation Services, and Solicitor's Office to improve coordination and permitting required by the federal coal leasing process. This request will also increase the BLM staff by roughly 48 full time employees ("FTEs"), in an effort to meet additional coal application processing and inspection requirements, processing and approving exploration licenses and recovery and protection plans, as well as conducting lease sales at fair market value determinations.

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<sup>15</sup> [https://www.doi.gov/sites/doi.gov/files/uploads/fy2018\\_blm\\_budget\\_justification.pdf](https://www.doi.gov/sites/doi.gov/files/uploads/fy2018_blm_budget_justification.pdf)

## ***Energy and Minerals Management: Renewable Energy Management***<sup>16</sup>

Increases to the oil, gas and coal programs are partially offset by a \$13 million reduction for the Renewable Energy Program. The \$16.3 million request will allow the BLM to process current right-of-way applications and administer solar and wind energy leases and will support the prioritization of new geothermal projects.

BLM has approved 36 solar projects and 40 wind projects to date, and currently manages over 800 geothermal leases. The Bureau will continue to effectively and efficiently lease and permit renewable projects in accordance with the Administration's "all of the above" federal energy development strategy.

The President's FY18 discretionary budget request for BLM is \$1.087 billion, a decrease of \$162.7 million over the FY17 enacted level. This would also result in a decrease of 964 FTE for a total FTE of 5,465 for FY18.<sup>17</sup>

### ***1,000% Decrease for Federal Land Acquisition***

The budget proposal includes a total of \$3.609 million for BLM land acquisition.<sup>18</sup> This is \$34.95 million, or 1,000 percent less than the \$38.56 million enacted in FY17.<sup>19</sup> The budget refocuses acquisition on inholdings, emergencies, and hardships and acquisition management and limits general land acquisition. This change reflects the administration's priority of managing land currently owned by the BLM instead of acquiring additional lands.

## ***Wild Horse and Burro Management***

The Administration's budget request includes several policy recommendations to reduce the exorbitant costs of the Wild Horse and Burro Program and provide the Bureau with greater flexibility when managing the program. The budget proposes removing language restricting the ability of the agency to use all of the management tools authorized under the Wild Free-Roaming Horse and Burro Act of 1971 and language to facilitate the efficient transfer of animals to local, State, or other Federal agencies.<sup>20</sup>

## ***Climate Change***

The budget proposal eliminates the entire \$15 million budget of the agency's stand-alone climate change initiative.<sup>21</sup> The program previously focused on ecoregional assessments and adaptation strategies for climate change.

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<sup>16</sup>Bureau of Land Management Budget Justification, Management of Land & Resources (Chapter 7), Pages 95-97

[https://www.doi.gov/sites/doi.gov/files/uploads/fy2018\\_blm\\_budget\\_justification.pdf](https://www.doi.gov/sites/doi.gov/files/uploads/fy2018_blm_budget_justification.pdf)

<sup>17</sup> Bureau of Land Management, "Budget Highlights", BH-12,

[https://www.doi.gov/sites/doi.gov/files/uploads/fy2018\\_bib\\_bh007.pdf](https://www.doi.gov/sites/doi.gov/files/uploads/fy2018_bib_bh007.pdf)

<sup>18</sup> Ibid. BH-16.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid. BH-10.

<sup>21</sup> Ibid. BH-08.

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

The President's FY18 budget request includes a total of \$154 million for Land and Water Conservation Fund programs.<sup>22</sup> This reflects a \$295.1 million decrease from FY17, including a \$185.4 decrease in federal land acquisition.<sup>23</sup> The request also eliminated funding from the Cooperative Endangered Species Fund and Forest Legacy conservation grants.<sup>24</sup>

## **Bureau of Ocean Energy Management (BOEM)**

|                                 |                      |
|---------------------------------|----------------------|
| FY17 President's Request        | \$171 million        |
| FY17 Enacted                    | \$170.5 million      |
| <b>FY18 President's Request</b> | <b>\$171 million</b> |

BOEM is charged with overseeing the development of our nation's offshore energy and mineral resources. Its duties include leasing activities, review and approval of exploration and development plans, seismic permitting, environmental studies including NEPA analysis, and resource evaluation. As of April 2017, BOEM oversees more than 3,000 active oil and gas leases on more than 16 million outer continental shelf (OCS) acres.<sup>25</sup>

BOEM has requested \$171 million for FY18, an increase of \$468 thousand over FY17's enacted amount. Due to projected declines of \$35 million in offsetting collections of rental receipt revenues (estimated decline of \$32.9 million) and cost recoveries (estimated decline of \$2.1 million), the agency budget request proposes to partially offset the decline with an increase of appropriated funds by \$28.1 million.

## **Bureau of Safety and Environmental Enforcement (BSEE)**

|                                 |                        |
|---------------------------------|------------------------|
| FY17 President's Request        | \$204.6 million        |
| FY17 Enacted                    | \$204.3 million        |
| <b>FY18 President's Request</b> | <b>\$204.9 million</b> |

BSEE is responsible for enforcing the safety and environmental regulations which govern production of resources from the OCS. Its duties include permitting review and approvals, research, inspections, and oil spill response. The agency conducts more than 21,000 offshore inspections per year to ensure the nearly 2,400 offshore oil and gas drilling and production facilities are adhering to the correct level of safety and environmental standards for operation.<sup>26</sup>

The BSEE request reflects a net increase of \$600,000 over FY17 levels, reflecting an increase of \$5.1 million in current appropriations and a \$4.5 million decrease in offsetting collections.

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<sup>22</sup> Department of the Interior, "Land and Water Conservation Fund", Appendix D, D-1.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

<sup>25</sup> Fiscal Year 2018 The Interior Budget in Brief, May 2017, Bureau of Ocean Energy Management, BH – 20

<sup>26</sup> Fiscal Year 2018 The Interior Budget in Brief, May 2017, Bureau of Safety and Environmental Enforcement, BH – 24

## ***Increasing Safe and Environmentally Responsible Operations***

The Bureau continues to promote the latest technological advancements that aim to mitigate the risk associated with expanding offshore energy development.

### **Office of Surface Mining, Reclamation, and Enforcement (OSM)**

|                                 |                        |
|---------------------------------|------------------------|
| FY17 President's Request        | \$159.9 million        |
| FY17 Enacted                    | \$240 million          |
| <b>FY18 President's Request</b> | <b>\$129.4 million</b> |

The FY18 budget request for OSM is \$129.4 million, \$110.6 million below the FY 2017 CR enacted level. OSM estimates staffing will equal 383 FTE in 2016, a decrease of 38 FTE from the 2017 CR level. The Surface Mining Control and Reclamation Act of 1977 (SMCRA) is designed as a state primacy program. As such, states and tribes regulate 97 percent of the nation's coal production and complete 90 percent of the abandoned mine lands abatement work.

The proposed budget is intended to focus OSM on its core objectives to:

- 1) Ensure that coal mine surface activities are operated in a manner that protects citizens and the environment during mining.
- 2) Ensure that the land is restored to beneficial use following mining.
- 3) Address the effects of past mining by aggressively pursuing reclamation of abandoned coal mines.

The major area of reduction from the FY17 CR Enacted level comes from the proposal to end mandatory appropriation payments to the AML Economic Development Pilot Program and produce a savings of approximately \$90 million. The next largest reduction of \$9 million comes from staff reductions of 38 FTEs. The last major proposed cut is a reduction in State and Tribal funding of \$8.2 million for Regulatory Grants with a justification that this is commensurate with current levels of coal demand and production.

### **United States Geological Survey (USGS)**

|                                 |                        |
|---------------------------------|------------------------|
| FY17 President's Request        | \$1.17 billion         |
| FY17 Enacted                    | \$1.06 billion         |
| <b>FY18 President's Request</b> | <b>\$922.7 million</b> |

The FY18 USGS budget request is \$922.7 million, a decrease of \$160 million below the FY17 CR enacted level. The USGS estimates staffing would equal 6,862 FTEs in 2018, a decrease of 1,089 FTE from 2017. Only one program at USGS is currently authorized.

The proposed budget is intended to focus USGS on its core mission of "the classification of the public lands and examination of the geological structure, mineral resources, and products

of the national domain.” The USGS intends to streamline its scope in support of the national priorities:

- 1) Energy and mineral resources.
- 2) Science to protect public safety, health, property, natural hazard preparedness and mitigation responses.
- 3) Land and water stewardship.

The USGS is divided into six mission areas of Ecosystems, Land Resources (currently Climate and Land Use Change), Energy and Mineral Resources and Environmental Health, Natural Hazards, Water Resources, and Core Science Systems. The President’s budget proposes to restructure the Climate and Land Use Change Mission area to the Land Resources Mission Area. While the proposed budget contains net cuts for all mission areas, internal transfers amongst specific programs within the mission areas highlight the shift in priorities.

### ***Ecosystems***

The President requests \$132 million for the Ecosystems Mission Area. This is a reduction of \$29.5 million and 180 FTEs. The proposed cuts to the mission area are to the following programs: Status and Trends Program, Fisheries, Wildlife, and Environments. The Invasive Species and Cooperative Research Units Programs maintain a flat budget compared to the FY17 CR.

### ***Land Resources (Currently Climate and Land Use Change)***

The President requests \$112.8 million for the Land Resources Mission Area. This is a reduction of \$25.9 million and 171 FTEs. The cuts to the mission area are made to the Land Change Science, and National and Regional Climate Adaptation Science Centers programs. The budget proposes that the National Land Imaging Program is increased by \$4 million. The bulk of the increase is toward the Landsat 9 satellite development. The Landsat program provides satellite imagery that is used in agriculture, geology, forestry, regional planning, mapping, and education.

### ***Energy and Mineral Resources, and Environmental Health***

The President requests \$91.5 million for Energy and Minerals, and Environment. This is a reduction of \$5.5 million and 24 FTEs. The budget proposes cuts are made to the Environment sub-activity while increasing funding to the Energy and Mineral Resources sub-activity. The Energy and Minerals Mission Area conducts research and assessments that focus on the location, quantity, and quality of mineral and energy resources.

### ***Natural Hazards***

The President requests \$118 million for the Natural Hazards Mission Area. This is a reduction of \$22 million and 52 FTEs. The cuts to the mission area are made to the Earthquake

Hazards, Volcano Hazards, Global Seismographic Network, and Coastal/Marine Hazards Programs. The president proposes to eliminate the Geomagnetism Program, and that the Landslide Hazards Program is maintained at a flat budget.

### ***Water Resources***

The President requests \$173 million for the Natural Hazards Mission Area. This is a reduction of \$39.9 million and 179 FTEs. The cuts to the mission area are made to the Water Availability and Use Science, Groundwater and Streamflow Information, and National Water Quality Programs. The president proposes to eliminate the Water Resources Research Act Program.

### ***Core Science Systems***

The President requests \$92.9 million for the Natural Hazards Mission Area. This is a reduction of \$19 million and 58 FTEs. The cuts to the mission area proposed to the National Geospatial, National Cooperative Geologic Mapping, and Science Synthesis Analysis and Research Programs.

### **U.S. Bureau of Reclamation (BOR)**

|                                                  |                       |
|--------------------------------------------------|-----------------------|
| FY17 President's Request (net current authority) | \$1.05 billion        |
| FY17 Enacted                                     | \$1.27 billion        |
| <b>FY18 President's Request</b>                  | <b>\$1.06 billion</b> |

The Bureau of Reclamation is the nation's largest wholesale water supplier, operating 337 reservoirs. The waters from these reservoirs provide 1 out of 5 (or 140,000) Western farmers with irrigation water for 10 million farmland acres that produce 60 percent of the nation's vegetables and one quarter of its fresh fruit and nut crops. It also delivers water to 31 million people for municipal, rural, industrial purposes. The agency, created in 1902, is the second largest producer of hydropower in the United States and operates 53 hydroelectric power plants that annually produced, on average, 40 billion kilowatt-hours for the last 10 years. The agency also participates with federal, state and local partners in the management of 289 recreation sites that have 90 million visits annually.<sup>27</sup>

The President's FY18 net budget request for Reclamation is \$1.056 billion, a decrease from the FY17 Enacted levels. The majority of Reclamation's funding is contained within the "Water and Related Resources" (FY18 \$960.0 million).

Included in this main account are the following sub-accounts:<sup>28</sup>

- Water and Energy Management and Development (FY18 \$313.7 million)
- Land Management and Development (FY18 \$44.2 million)
- Fish and Wildlife Management and Development (FY18 \$153.0 million)
- Facility Operations (FY18 \$296.0 million)

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<sup>27</sup> <http://www.usbr.gov/main/about/fact.html>

<sup>28</sup> Bureau of Reclamation FY18 Budget Justification at Water and Related Resources - 2

- Facility Maintenance and Rehabilitation (FY18 \$153.2 million)
- The Indian Water Rights Settlements Account is proposed for \$98.6 million.<sup>29</sup>
- The San Joaquin Restoration Fund (FY18 \$34 million).<sup>30</sup>

Other main accounts under the FY18 proposed budget include:

- \$59.0 million for Policy and Administration<sup>31</sup> (mainly for staff in Denver and Washington, DC headquarters)
- \$41.4 million for the Central Valley Project Restoration Fund<sup>32</sup> (California)
- \$37 million for CALFED<sup>33</sup> (California)

## **U.S. Fish and Wildlife Service (FWS)**

|                                 |                                   |
|---------------------------------|-----------------------------------|
| FY17 Enacted                    | \$2.9 billion <sup>34</sup>       |
| <b>FY18 President's Request</b> | <b>\$2.8 billion<sup>35</sup></b> |

### ***Overview***

FWS is responsible for implementing the Endangered Species Act (ESA) and overseeing the National Wildlife Refuge System, the National Fish Hatchery System, the Federal Duck Stamp program, and distribution of funds to states' fish and wildlife agencies. FWS manages 562 national wildlife refuges and 72 national fish hatcheries.<sup>36</sup> The President's FY18 discretionary request for the FWS is a decrease of \$202.9 million compared to the 2017 CR baseline. The request calls for a decrease of 324 full time equivalents (FTE) in 2018, for a total of 8,271 FTEs.

### ***Decreases for FWS Land Acquisition<sup>37</sup>***

The request includes \$17.1 million for Service land acquisition, a decrease of \$51.3 million from the 2017 level. The focus of these funds would be to continue enacted acquisition projects and acquiring inholdings that enhance operational efficiency and effectiveness across the Refuge System. This reduction reflects the prioritization of the management of existing lands and resources over acquisition of new Federal lands.

### ***Eliminates funding for Landscape Conservation Cooperatives<sup>38</sup>***

The request eliminates funding for Cooperative Landscape Conservation, saving \$13 million. Other FWS programs will continue to work with external stakeholders to support conservation; share information and help natural communities thrive, but will no longer provide staff or funding to the 22 active cooperatives.

<sup>29</sup> Bureau of Reclamation FY18 Budget Justification at Upper Colorado – 12 & 57; and at Great Plains 15 & 23

<sup>30</sup> Bureau of Reclamation FY 18 Budget Justification at Mid Pacific - 29

<sup>31</sup> Bureau of Reclamation FY18 Budget Justification at Policy & Administration - 3

<sup>32</sup> Bureau of Reclamation FY18 Budget Justification at CVPRF - 1

<sup>33</sup> Bureau of Reclamation FY18 Budget Justification at Bay Delta - 1

<sup>34</sup> [Fish and Wildlife Service Budget Justification, FY17, Page EX-5](#)

<sup>35</sup> [Fish and Wildlife Service Budget Justification, FY18, Page EX-5](#)

<sup>36</sup> Id, page Ex-5

<sup>37</sup> Id, page Ex-7

<sup>38</sup> Id, page CLC-1

### ***Decreases for Cooperative Endangered Species Fund<sup>39</sup>***

The President requests \$19,303,000 which is decrease of \$19.3 million from the 2017 baseline level. The request also calls for 10 FTE, which is a decrease of 2 FTE.

### ***Decreases North American Wetlands Conservation Fund (NAWCA)<sup>40</sup>***

The President's budget request for NAWCA is \$33.6 million which is a \$1.4 million decrease in discretionary funding. This grant program will continue to receive additional funds from non-discretionary sources provided by the Act, as well as penalties from the Deepwater Horizon Gulf of Mexico oil spill.

### ***Decreases for "Ecological Services" ESA Listings<sup>41</sup>***

The 2018 budget request for Listing is \$17.1 million and 117 FTE which is a decrease of \$3.6 million and 10 FTE from the 2017 CR Baseline. The cuts are made to Critical Habitat, Listing, and Foreign Listing.

### ***Decreases for National Wildlife Refuge System<sup>42</sup>***

The request for Wildlife and Habitat Management is \$224.8 million and 1,425 FTE, a decrease of \$8 million from the FY17 Baseline. These cuts are made to Youth, Cooperative Recovery Initiative, and Wildlife and Habitat Management Activities.

### ***Eliminates funds for National Wildlife Refuge Fund<sup>43</sup>***

The President's budget proposes the elimination of the entire appropriated (discretionary) portion of the National Wildlife Refuge Fund saving \$13.2 million.

### ***Eliminates funds for Service Science<sup>44</sup>***

The request for Service Science Activities is \$0 for a savings of \$6.4 million and reduction of 11 FTE from the 2017 CR Baseline.

### ***FWS Law Enforcement<sup>45</sup>***

The 2018 budget requests \$73 million and 334 FTE which is a decrease of \$2.4 million and 5 FTE. The Service will reduce its number of special agents but will continue to enforce wildlife laws, combat wildlife trafficking and investigate and prosecute criminal activity under the Lacey Act and other laws.

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<sup>39</sup> Id, page CESC-2

<sup>40</sup> Id, page NAW-2

<sup>41</sup> [Fish and Wildlife Service Budget Justification, FY17, Page ES-1](#)

<sup>42</sup> Id, page NWR S-5

<sup>43</sup> Id, page RF-1

<sup>44</sup> Id, page SS-3

<sup>45</sup> Id, page LE-1

### **National Park Service (NPS)**

|                          |               |
|--------------------------|---------------|
| FY16 Actual              | \$2.9 billion |
| FY17 P.L. 115-31         | \$2.9 billion |
| FY18 President's Request | \$2.6 billion |

The NPS is responsible for 417 park units, 23 national scenic and national historic trails, and 60 wild and scenic rivers across 84.7 million acres.<sup>46</sup> The NPS is tasked with promoting and regulating the use of these lands and historic features that were designated by the nation for their cultural and historic significance, scenic and environmental value, and educational and recreational opportunities. The NPS also provides financial and technical assistance to aid in the conservation of resources for public enjoyment that are not part of the National Park System.

The President's total FY18 discretionary request is \$2.6 billion, a decrease of \$378.5 million from the FY17 discretionary appropriation in P.L. 115-31. The FY18 budget proposes \$707.1 million in mandatory spending, an increase of \$113.4 million from the FY17 estimate. The NPS estimates that funding in the FY18 request would support 18,268 FTE, a decrease of 1,242 FTEs from the FY17 FTE estimate.<sup>47</sup>

### ***Operation of the National Park System***

The FY18 budget requests \$2.2 billion for the operation of the National Park System. The request is a net decrease of \$199.5 million from FY17. This includes a reduction of \$175.2 million to be distributed among all park and program operations and a fixed cost increase totaling \$24.3 million.<sup>48</sup>

### ***Centennial Challenge***

The budget requests \$15 million in discretionary appropriations for the Centennial Challenge, a decrease of \$5 million from FY17. This appropriation provides a federal match to leverage partner donations for primarily deferred maintenance projects at national parks. All federal funds must be matched on least a 50/50 basis.

### ***National Recreation and Preservation***

The budget requests \$37 million, a decrease of \$25.6 million from FY17. This account funds NPS programs that assist state, local, tribal, and private land managers with outdoor recreation planning, resource preservation, and other activities. Of note, the budget requests \$0.1 million for the National Heritage Area Program, a decrease of \$19.0 million from FY17.<sup>49</sup>

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<sup>46</sup> [National Park Service. \*Budget Justifications and Performance Information Fiscal Year 2018\*, pg. Overview-1](#)

<sup>47</sup> Id., p. Overview-2 Note: Amounts in the NPS Greenbook are based on the FY17CR baseline, not P.L.115-31.

<sup>48</sup> Id., p. Overview-6

<sup>49</sup> The FY18 budget requests 809,000 for administrative support of the National Heritage Area Program.

## ***Historic Preservation Fund***

The budget requests \$51.1 million, a decrease of \$29.8 million from FY17. This appropriation supports Historic Preservation Offices in states, territories, and tribal lands for the preservation of historically and culturally significant sites.<sup>50</sup>

## ***Construction***

The budget requests \$226.5 million in discretionary appropriations for line item construction, management, planning, operations, and special projects, a net increase of \$17.2 million from the FY17.<sup>51</sup> This includes \$137 million for line item construction projects. The FY18 line item construction list includes only the most critical projects and does not propose funding any new facility construction.<sup>52</sup>

## ***Land Acquisition and State Assistance***

The budget requests \$26.4 million in discretionary appropriations for federal land acquisition and state conservation grants, a net decrease of \$135.6 million from the FY17.<sup>53</sup> Of note, the budget requests \$3 million, a programmatic decrease of \$107 million from FY17, for the Land and Water Conservation Fund (LWCF) State Conservation Grants program, which provides funding to states for the purchase of lands for preservation and recreation purposes.<sup>54</sup> Instead, the budget proposes to fund state conservation grants with a permanent appropriation derived from the LWCF of \$90 million in FY18, increasing to \$125 million in 2022 and each year thereafter.<sup>55</sup>

## **Bureau of Indian Affairs (BIA)**

|                                    |                       |
|------------------------------------|-----------------------|
| FY 2016 Enacted                    | \$2.79 billion        |
| FY 2017 CR Level                   | \$2.79 billion        |
| <b>FY 2018 President's Request</b> | <b>\$2.48 billion</b> |

The President's FY18 budget request is \$2.48 billion for the Bureau of Indian Affairs (BIA), a decrease of \$303.3 million below the 2017 CR baseline level. The BIA provides a variety of services for Indian country including law enforcement, housing, trust and realty services, irrigation, and energy and economic development assistance. BIA estimates staffing will equal 6,770 FTEs ("full time equivalent" employees) in FY18, a decrease of 241 employees from FY17.

Authorization for these funds is derived mostly from four broad statutes concerning the welfare and property of Indians or the promotion of tribal self-government, and from more than 100 specific statutes touching on many areas of Indian life (e.g., education, public safety, human

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<sup>50</sup> Id. at supra note 3

<sup>51</sup> Id., p. Overview-7

<sup>52</sup> Id., p. Overview-31

<sup>53</sup> Id., p. Overview-7

<sup>54</sup> Ibid. Note: The request of \$3.0 million is for state conservation grant administration.

<sup>55</sup> Id., p. Overview-8

services, community development, cultural resources, natural resources management, land and water claims settlements, and so on).

Funding for the BIA is divided into broad categories of functions and services. For FY18 these include: Operation of Indian Programs (\$2.1 billion, a decrease of \$181.1 million below FY17); Contract Support Costs (\$241.6 million, a decrease of \$35.4 million); Construction (\$143.3 million, a decrease of \$50.3 million); Land and Water Claims Settlements (\$14 million, a reduction of \$35.4 million); Indian Guaranteed Loan Program (\$6.7 million, a decrease of \$1 million); Fixed Costs (fully funded at \$17.3 million). In addition to the \$2.48 billion budget request for BIA, \$124.7 million is provided through permanent budget authority. Most of the permanent budget authority is derived from revenues obtained through Indian power and irrigation projects, with the monies held by the BIA and spent on maintaining and operating these systems.

According to the BIA Budget Justifications (“Green Book”) submitted to the Committee, a number of decreases in spending appear to be attributable to cuts in certain services or programs that do not fit within or are not critical to fulfilling the core mission of the BIA.

Funding for Indian education programs (\$786.4 million, \$64.4 million less than FY17) through the Bureau of Indian Education is included in the President’s budget request for Indian but such programs are under the jurisdiction of the Committee on Education and Workforce, not the Committee on Natural Resources.

The following are highlights of several programs and functions of the BIA that have been of interest to Members of the Committee in the past.

### ***Trust - Natural Resource management***

The Trust – Natural Resources Management program assists tribes in the management, development, and protection of Indian trust land and natural resource assets. The FY18 budget includes \$165 million, a decrease of \$26 million over the FY17 enacted amount.

### ***Contract Support Costs (CSC)***

The President requests \$236 million (a decrease of \$45.4 million) to fully fund contract support costs. Contract Support Costs are administrative costs (or overhead) incurred by a tribe that has contracted with a federal agency (usually the BIA or Indian Health Service) to administer benefits and services for Indians under Public Law 93-638.

The Indian Self-Determination and Education Assistance Act of 1975 (25 U.S.C. §5304 et seq.) Contract Support Costs support the ability of Tribes to assume responsibility for operating Federal programs. The 2018 budget continues to request funding for Contract Support Costs in a separate indefinite current account.

### ***Trust—“Climate Resilience”/Natural Resources Management***

The budget proposes to eliminate the \$9.9 million in funding for the BIA Tribal Climate Resilience Program to support grants to tribal communities to plan for sustainable resource management and preparedness.

### ***Indian Irrigation Projects and Dams***

The BIA has proposed \$4.1 million for Indian Irrigation Project Rehabilitation, an increase of \$1.5 million. The committee is supportive to see this infrastructure investment given the lack of investment during the past eight years. The increase will address critical outstanding maintenance issues at the 17 Indian Irrigation Projects. Many irrigation projects are nearly 100 years of age.

The budget also proposes \$26 million, an increase of \$2.5 million, for the Safety of Dams program and \$3.7 million, an increase of \$1.8 million, for dam maintenance. The dam program is currently responsible for 138 high or significant-hazard dams located on 43 Indian reservations.

### **Office of the Special Trustee for American Indians**

|                                 |                        |
|---------------------------------|------------------------|
| FY16 Enacted                    | \$139 million          |
| FY17 President’s Request        | \$140.4 million        |
| FY17 CR Baseline                | \$138.7 million        |
| <b>FY18 President’s Request</b> | <b>\$119.4 million</b> |

The President requests \$119.4 million (a decrease of \$19 million) for the Office of the Special Trustee for American Indians (OST), a 14% reduction to be distributed evenly among all departments. The Office of the Special Trustee for American Indians (OST) has operational responsibility for financial trust fund management, including receipt, investment, and disbursement, of Indian trust funds and for real estate appraisals on Indian trust lands. Trust fund operations entail management of nearly \$4.9 billion held in about 3,300 trust accounts for more than 250 Indian Tribes and approximately 400,000 open Individual Indian Money accounts.

The FY18 budget proposal reduction in funding will lead the OST to focus on reducing administrative and ‘fee-for-service’ costs, as well as identifying and singling out areas that focus on the main goals of the Department, which are supporting the regulatory and statutory requirements of the U.S. Government’s trust responsibility. The OST is the financial manager of approximately \$5 billion, held in close to 3,400 trust accounts for the benefit of more than 250 Indian tribes across the United States. These funds can mostly be tied to proceeds from trust resources, such as land-use agreements, timber development, and income from financial investment.

The 1994 statute establishing OST contemplates the eventual sunset of the Office when certain trust fund accounting goals are met. The committee looks to work with the Administration on the full completion reporting requirements contained in the Indian Trust Asset

Reform Act (P.L. 114-178) which contemplate a transition plan and timetable for the termination of the OST and absorption of functions by other Department agencies.

### **Office of Insular Affairs**

|                                 |                                     |
|---------------------------------|-------------------------------------|
| FY17 President's Request        | \$652.7 million                     |
| FY17 CR                         | \$607.8 million                     |
| <b>FY18 President's Request</b> | <b>\$715.8 million<sup>56</sup></b> |

The Office of Insular Affairs (OIA) is charged with carrying out all duties and responsibilities of the Secretary of the Interior regarding the territories of the United States as well as the Freely Associated States (the Republic of the Marshall Islands, the Federated States of Micronesia and the Republic of Palau). The proposed budget for the Office of Insular Affairs (OIA) for FY18 is \$715.8 million, an increase of \$107.9 million from the FY17 CR enacted level. The budget request increase includes a transfer of \$123.9 million from the Department of Defense (DoD) to the Department of the Interior for the full funding of the Palau Compact. However, before taking into account the transfer from the DoD, the Budget request for DOI is \$591.87 million, a decrease of \$15.79 million from the FY17 CR level. The request for discretionary assistance is \$84.25 million, a decrease of \$19.04 million below the enacted FY17 CR level. Permanent spending commitments include \$288 million for fiscal payments to Guam and the U.S. Virgin Islands, and \$219.62 million for payments under the Compacts of Free Association.

The current discretionary funds for OIA are composed of assistance to the territories of the United States (American Samoa, Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands) and limited discretionary funding for Compact related programs. The total request for discretionary assistance to the territories is \$80.97 million (a decrease of \$5.69 million), and would support the following primary items: American Samoa Operations (\$21.53 million); Capital Improvement Projects (\$27.72 million); Office of Insular Affairs (\$9.43 million); General Technical Assistance (\$14.67million) as well as some other smaller initiatives.

The total current mandatory Compact of Free Association<sup>57</sup> funding request is \$3.29 million, a decrease of \$13.15 million. The decrease is attributed to moving funding for the extension of the Palau Compact from discretionary to mandatory. In 2010, an updated agreement between the U.S. and Palau was reached and is currently awaiting Congressional action. The President's FY18 Budget request, the Department of Defense FY18 Budget Request and the Department of the Interior FY18 Budget Request all include \$123.9 million in proposed funding to complete the agreement. It is possible that this proposed funding will be included in the National Defense Authorization Act (NDAA) for FY18. The Chairmen and Ranking Members of both the Committee on Natural Resources and the House Committee on Foreign Affairs have expressed support for including funding for the Palau Compact in the NDAA. The Committee on Natural Resources has already reported H.R. 2085 out of committee by unanimous consent.<sup>58</sup>

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<sup>56</sup> Budget Justifications and Performance Information Fiscal Year 2018, Office of Insular Affairs, page 4.

<sup>57</sup> Compacts of Free Association provides grant money to: the Republic of Palau, Republic of the Marshall Islands, and the Federated States of Micronesia. Public Law 108-188 and Public Law 111-88.

<sup>58</sup> Committee consideration and Mark-up session held. Ordered to be Reported by Unanimous consent on 4/27/2017.

The total permanent proposal is \$507.62 million which includes \$219.6 million for Compact of Free Association funding for:

- Marshall Islands (\$77.28 million, increase of \$1.21 million)
- Federated States of Micronesia (\$111.98 million, increase of \$1.84 million)
- Compact Impact (\$30 million, no change from previous fiscal year)
- Judicial Training (\$363,000 decrease of \$7,000)

The remaining \$288 million in mandatory appropriations are fiscal payments which reimburse the U.S. Virgin Islands for federal excise taxes collected on rum sales (\$209 million) and reimbursement to Guam for the income taxes collected from federal employees and military personnel residing in Guam (\$79 million).

### ***Monitoring the Economic Health of the Territories***

The economic challenges that the territories and the three freely associated states face revolve around their isolated locations in the Pacific region, with the exception of the U.S. Virgin Islands which are located in the Caribbean. Due to the challenges of their isolated locations, the territories and the freely associated states all rely heavily on the funding they receive from OIA annual appropriations and federal grant programs, with perhaps one exception which is Guam where a strong U.S. military presence helps strengthen the local economy. Tourism plays a major economic role in most all of the U.S. territories and freely associated states and is a major source of income for these areas.

While Puerto Rico is indeed one of the five territories of the United States, DOI and OIA refer most matters concerning the archipelago to the White House Task Force on Puerto Rico. With the continued financial and economic distress impacting the Caribbean territory and the recently enacted law known as PROMESA<sup>59</sup> having been signed by the previous Administration, there is firm commitment from the Administration and Congressional committees of jurisdiction to monitor the law's implementation. The law established a Financial Oversight and Management Board for Puerto Rico as well as extended tools to that Board designed to address and tackle the massive debt problem. The Oversight Board is tasked with assisting Puerto Rico's local government in executing necessary reforms to help stabilize the shrinking economy, negotiate with various creditor classes towards debt resolution, regain access to capital markets and develop strategies to spark economic recovery. Related to the financial crisis that has gripped Puerto Rico, there is also renewed interest in uncovering and monitoring the fiscal health of the other four U.S. territories so that similar circumstances can be addressed before serious fiscal and economic problems develop.

### ***Updating and Modernizing Energy Infrastructure***

The territories are continuing their efforts to transform their electric power grids from a heavy reliance on conventional fuel burning generation to increased diversification through renewable energy sources. Currently, the island territories are at the mercy of global fuel prices

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<sup>59</sup> Public Law No: 114-187. "Puerto Rico Oversight, Management, and Economic Stability Act."

that tend to fluctuate periodically, driving up the cost of energy and having detrimental impacts on their small isolated economies. The price of electricity in the territories tends to average three times higher than energy costs found on the U.S. mainland. Each of the insular governments have set targeted goals for reducing their dependence on importing fossil fuels for power generation in an effort to make progress in transitioning to renewable energy sources. OIA is committed to providing grants and technical assistance to the territories in order to assist their local governments with meeting these targeted goals in the future.