

# Committee on Natural Resources

Rob Bishop, Chairman  
Hearing Memorandum

February 26, 2016

To: All Natural Resource Committee Members

From: Majority Committee Staff (x5-2761)

Hearing: Full Committee Oversight Hearing “*Examining the Department of the Interior’s Proposed Fiscal Year 2017 Budget*”

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The Committee on Natural Resources will hold a budget oversight hearing on the President’s Fiscal Year 2017 (FY17) budget request and other spending as it relates to the U.S. Department of the Interior (“Department”). The hearing will take place on **March 1, 2016, at 10:00 a.m. in 1324 Longworth**. This hearing will consist of one panel featuring Secretary of the Interior Sally Jewell. The hearing will focus on agency priorities, budget accountability, appropriate use of taxpayer and ratepayer spending, as well as the missions of the Department, its bureaus, and offices.

## Policy Overview

- With our national debt currently exceeding ***\$19 trillion***, the Obama Administration’s FY17 federal budget, which includes this \$20.5 billion Interior Department budget proposal, continues a disappointing trend of runaway federal spending, while failing to address ongoing problems with our federal land and natural resources in a more creative or business-like manner.
- The Interior Department’s budget request for FY17 significantly increases federal fees and taxes and shifts federal spending in a manner that continues to dis-incentivize energy research, development and domestic production. The proposal obstructs America’s ability to achieve energy security and homeland security.
- The budget would seek to spend millions of new taxpayer dollars to purchase more federal lands despite massive maintenance backlogs and increasing catastrophic wildfires measuring in the billions of dollars on existing federal lands.
- The Department’s ramped-up regulations and thousands of new staff positions aren’t resulting in better federal management of or access to our lands, tribal, water or energy resources.

## Invited Witness

**Panel I:** *The Honorable Sally Jewell, Secretary, U.S. Department of the Interior*

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

FY16 President's Request	\$20.31 billion
FY16 Enacted	\$18.53 billion
<b>FY17 President's Request</b>	<b>\$20.54 billion<sup>1</sup></b>

**Significant Increases in Fees, Spending and New Regulations.** The Interior Department's total FY17 budget request – funding programs for Interior, Environment and Related Agencies and Energy and Water Development– represents *an 11% increase (\$2 billion)* over the FY16 enacted levels. This despite only \$10.15 billion in anticipated receipts in FY17.<sup>2</sup> The budget proposes nearly \$17 million in revenues from increased grazing fees,<sup>3</sup> \$48 million in oil and gas inspection fees,<sup>4</sup> \$65 million in fees collected by the Bureau of Safety and Environmental Enforcement (BSEE) on facilities that require multiple inspections, and expanded enforcement authority by the U.S. Fish and Wildlife Service to assess and recover fees for costs to restore or replace damaged habitat.<sup>5</sup>

Over the past year, the Department's bureaus and sub-agencies have proposed or finalized **more than 200 new rules and regulations**,<sup>6</sup> including a Bureau of Land Management (BLM) finalized rule that sought to regulate hydraulic fracturing on federal land, but was found to be legally deficient by a federal judge;<sup>7</sup> a proposed rule that would regulate venting and flaring for federal onshore oil and gas leases, as well as revised certain royalty considerations, further dissuading producers from federal land;<sup>8</sup> and regulations that threaten to retroactively change how leases with mixed ownership partitions produced natural gas.<sup>9</sup>

**Over 1,100 New Federal FTEs.** The Department budget proposal includes funding for over 66,000 employees with *over 1,100 new federal employees or FTEs*, including 235 new employees for the U.S. Fish and Wildlife Service, 86 new employees for the Bureau of Land Management, 286 new employees for the Bureau of Indian Affairs, and 281 for the National Park Service (see chart below).<sup>10</sup>

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<sup>1</sup>Fiscal Year 2017 Interior Budget in Brief. p. DH-11.

<sup>2</sup> Id., p. DH-11.

<sup>3</sup> Fiscal Year 2017 Interior Budget in Brief. p. DH-71

<sup>4</sup> Id.

<sup>5</sup> Id.

<sup>6</sup> [OIRA, Agency Rule List – Fall 2015: Department of the Interior.](#)

<sup>7</sup> *Wyoming v. Jewell*, Order on Motions for Preliminary Injunction, 15-CV-041 (Dist. Wy. 2015).

<sup>8</sup> [OIRA, View Rule – Venting and Flaring: Waste Prevention and Use of Produced Oil and Gas for Beneficial Purposes.](#)

<sup>9</sup> [OIRA, View Rule – Onshore Oil and Gas Order 3: Site Security on Federal and Indian Oil and Gas Leases.](#)

<sup>10</sup> Fiscal Year 2017 Interior Budget in Brief. Appendix K, p. K-1.

Department of the Interior Funding for Full Time Equivalent Employees (FY2017)<sup>11</sup>

APPENDIX K

STAFFING<sup>1/</sup>

(Full Time Equivalent Staff Years)

Bureau/Office	2015 Usage	2016 Estimated Usage	2017 Estimated Usage	Change
Bureau of Land Management <sup>2/</sup> .....	9,451	9,641	9,727	+86
Bureau of Ocean Energy Management .....	566	574	592	+18
Bureau of Safety and Environmental Enforcement.....	785	881	881	0
Office of Surface Mining Reclamation and Enforcement .....	421	488	515	+27
Bureau of Reclamation .....	5,063	5,454	5,456	+2
U.S. Geological Survey <sup>3/</sup> .....	7,873	7,873	7,988	+115
Fish and Wildlife Service.....	8,474	8,739	8,974	+235
National Park Service <sup>4/</sup> .....	19,539	20,205	20,486	+281
Bureau of Indian Affairs.....	7,102	7,145	7,431	+286
Departmental Offices				
Office of the Secretary .....	1,370	1,471	1,489	+18
Trust Land Consolidation Fund.....	14	14	14	0
Central Utah Project .....	4	4	4	0
Office of Insular Affairs.....	34	40	42	+2
Office of the Solicitor.....	396	418	438	+20
Office of Inspector General.....	263	263	283	+20
Office of the Special Trustee for American Indians.....	576	655	655	0
Department-wide Programs				
Wildland Fire Management.....	24	24	24	0
Payments in Lieu of Taxes .....	2	0	2	+2
Central Hazardous Materials Fund.....	5	5	5	0
Natural Resource Damage Assessment .....	13	15	19	+4
Working Capital Fund and Franchise Fund .....	1,435	1,582	1,594	+12
National Indian Gaming Commission.....	98	121	121	0
<b>TOTAL, DEPARTMENT OF THE INTERIOR.....</b>	<b>63,508</b>	<b>65,612</b>	<b>66,740</b>	<b>+1,128</b>
Utah Mitigation Commission.....	9	10	10	0
<b>COMBINED TOTAL .....</b>	<b>63,517</b>	<b>65,622</b>	<b>66,750</b>	<b>+1,128</b>

<sup>1/</sup> All FTE numbers include allocated, permanent, and reimbursable FTE.

<sup>2/</sup> The 2016 and 2017 FTE for BLM are updated from the estimates included in the Appendix, Budget of the United States Government, Fiscal Year 2017. The 2016 and 2017 estimates reflected above are 11 less than reflected in the Appendix, but accurately reflect the FTE associated with the budget.

<sup>3/</sup> The 2017 FTE for USGS is updated from the estimate included in the Appendix, Budget of the United States Government, Fiscal Year 2017. The 2017 estimate reflected above is 14 more than reflected in the Appendix, but accurately reflects the FTE associated with the budget.

<sup>4/</sup> The 2017 FTE for the NPS is updated from the estimate included in the Appendix, Budget of the United States Government, Fiscal Year 2017. The 2017 estimate reflected above is four more than reflected in the Appendix, but accurately reflects the FTE associated with the budget.

K - 1

**Eliminates Gulf Energy Security Act Revenue Sharing Payments.** The budget includes a controversial proposal to redirect millions of dollars in offshore drilling revenues currently allocated to the states of Alabama, Louisiana, Mississippi and Texas under the Gulf of Mexico Energy Security Act of 2006 towards the Administration's Climate Action Plan. At the state level, these revenues are dedicated to hurricane protection efforts, coastal restoration and other restoration efforts. These states have already budgeted for payments that are expected to increase significantly when the second phase of the law takes effect next year.<sup>12</sup> The Administration proposes to use **\$2 billion** of this revenue towards the establishment of a Coastal Climate Resilience Program.<sup>13</sup>

<sup>11</sup>Id.,

<sup>12</sup> <http://www.houmatoday.com/article/20160222/articles/160229947>

<sup>13</sup> Fiscal Year 2017 Interior Budget in Brief. p. DH-7

**Despite \$19 billion in Federal Land Maintenance Backlogs, Significantly Increases Federal Land Acquisition through the Land and Water Conservation Fund (LWCF).** According to the Congressional Research Service, the total combined maintenance backlogs and deferred maintenance for the federal land management agencies under the Department of the Interior as well as the Forest Service is **\$19 billion**.<sup>14</sup> Yet, the President’s budget seeks \$195 million for new federal land acquisition for the Department of the Interior,<sup>15</sup> and a total of \$900 million in combined discretionary (\$475 million) and mandatory (\$425 million) funding for the Land and Water Conservation Fund (LWCF) in FY17.<sup>16</sup> Only \$21 million (5%) is proposed for sportsmen access and just \$45 million<sup>17</sup> (less than 11%) for state parks grants.<sup>18</sup> Beginning in 2018, the President proposes to convert the LWCF to an annual \$900 million mandatory program.<sup>19</sup>

**Payments in Lieu of Taxes (PILT).** The budget seeks a one-year, \$480 million mandatory payment for the Payments in Lieu of Taxes (PILT) program.<sup>20</sup>

**Reduced BLM Forest Management While Increasing Wildland Fire and Fire Risk Management.** The BLM and Forest Service budget for the Wildland Fire Management program charged with handling wildfire prevention and suppression on Department of the Interior lands requests nearly \$825 million, and provides an additional \$290 million under a proposed budget cap adjustment for a total of over \$1 billion in funding.<sup>21</sup> This proposal would need to be approved by Congress. In addition, the budget requests \$179 million for Fire Risk Management and \$30 million for its “Resilient Landscapes” program.<sup>22</sup>

**Critical Habitat Rule and Sage Grouse Resource Management Plans.** On February 11, 2016, the Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS) (collectively referred to as “the Services”) issued new critical habitat regulations. Specifically, the new regulations revise the definition of “destruction or adverse modification” of critical habitat and also revise the rules governing the designation of critical habitat.<sup>23</sup> Among other concerns, these actions may allow the Services to designate critical habitat in areas that are



Source:  
[http://www.fws.gov/nevada/nv\\_species/images/sage\\_grouse/Greater%20sage-grouse%20dist\\_map\\_landscape\\_large.jpg](http://www.fws.gov/nevada/nv_species/images/sage_grouse/Greater%20sage-grouse%20dist_map_landscape_large.jpg)

<sup>14</sup> [Federal Lands and Natural Resources: Overview and Selected Issues for the 114th Congress](#)

<sup>15</sup> Fiscal Year 2017 Interior Budget in Brief. Appendix C, p. C-8.

<sup>16</sup> Fiscal Year 2017 Interior Budget in Brief. Appendix B, p. B-1.

<sup>17</sup> Fiscal Year 2017 Interior Budget in Brief. Appendix B, p. B-1

<sup>18</sup> Fiscal Year 2017 Interior Budget in Brief. p. DH-18.

<sup>19</sup> Id.,

<sup>20</sup> Fiscal Year 2017 Interior Budget in Brief. p. DH-69.

<sup>21</sup> Fiscal Year 2017 Interior Budget in Brief, Appendix B, p. BH-107.

<sup>22</sup> Id., p. BH-111.

<sup>23</sup> Federal Register Notice, February 11, 2016: <https://www.federalregister.gov/articles/2016/02/11/2016-02680/listing-endangered-and-threatened-species-and-designating-critical-habitat-implementing-changes-to>

unoccupied by any endangered or threatened species.

In September 2015, the FWS declined to list the Greater Sage Grouse under the Endangered Species Act (ESA). However, restrictions on public land created through recent BLM resource management plan amendments in sage grouse areas threaten to restrict economic development in the West. The BLM amendments affect approximately **245 million acres in 11 Western states**, and with restrictions in areas deemed “high priority” for sage grouse, will impact a host of economic and energy-related activities. In addition, as part of the overall land management strategy for the Greater Sage Grouse, the BLM is withdrawing nearly 10 million acres across several states from mineral development.

The FWS also issued a final rule under section 4(d) pertaining to the Northern Long-Eared Bat,<sup>24</sup> but stated critical habitat is “not determinable at this time.”<sup>25</sup> Under ESA, the FWS is required to propose critical habitat potentially affecting portions of 37 eastern states and the District of Columbia by December 2016.

**Increased Spending for Implementing Interior’s Climate Action Plan.** The Department, following President Obama’s 2013 Executive Order 13653, launched and has been the lead on several federal interagency plans relating to climate change, including *National Action Plan: Priorities for Managing Freshwater Resources in a Changing Climate*;<sup>26</sup> the *National Fish, Wildlife and Plants Climate Adaptation Strategy*;<sup>27</sup> and the *National Ocean Policy Implementation Plan*;<sup>28</sup> and *Integrated Arctic Management*.<sup>29</sup> The Department announced that it will integrate climate change adaptation literally throughout the entire agency, including “its policies, planning, programs, and operations, including, but not limited to, park, refuge, and public land management; habitat restoration; conservation of species and ecosystems; services and support for tribes and Alaska Natives; protection and restoration of cultural, archeological and tribal resources; water management; scientific research and data collection; land acquisition; management of employees and volunteers; visitor services; construction; use authorizations; and facilities maintenance.”<sup>30</sup>

The Plan’s activities, such as initiating National Environmental Policy Act (NEPA) training and revising NEPA handbooks to “incorporate climate change”<sup>31</sup> and ensuring agency officials demonstrate commitment to climate adaptation,<sup>32</sup> are reflected in the FY17 budget request. A mandatory **\$2 billion** of revenue derived from the Administration’s proposal to repeal the Gulf of Mexico Energy Security Act (GOMESA) revenue sharing payments will go towards a new Coastal Climate Resilience program for “at-risk coastal States, local governments, and

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<sup>24</sup> <http://www.fws.gov/midwest/news/816.html>

<sup>25</sup> <http://www.fws.gov/midwest/endangered/mammals/nleb/FAQsFinalListNLEB.html>

<sup>26</sup> [http://www.whitehouse.gov/sites/default/files/microsites/ceq/2011\\_national\\_action\\_plan.pdf](http://www.whitehouse.gov/sites/default/files/microsites/ceq/2011_national_action_plan.pdf)

<sup>27</sup> <http://www.wildlifeadaptationstrategy.gov/>

<sup>28</sup> <http://www.whitehouse.gov/administration/eop/oceans/implementationplan>

<sup>29</sup> <http://www.doi.gov/news/pressreleases/interagency-working-group-calls-for-integrated-management-and-planning-for-a-rapidly-changing-arctic.cfm>

<sup>30</sup> DOI Climate Adaptation Plan, p. 3: <http://www.fws.gov/home/climatechange/pdf/2014-DOI-Climate-Change-Adaptation-Plan-INTERIM.pdf>

<sup>31</sup> Id., p. 38

<sup>32</sup> Id., p. 13.

their communities to prepare for and adapt to climate change.”<sup>33</sup> The discretionary budget includes base level funding of 70% of the 10-year average for suppression costs and an additional \$290 million through a discretionary cap adjustment for severe fires.<sup>34</sup>

### **Highlights of Bureaus’ and Sub-agencies’ Proposed FY Budgets**

#### **Bureau of Land Management (BLM)**

FY16 President’s Request	\$1.35 billion
FY16 Enacted	\$1.25 billion
<b>FY16 President’s Request</b>	<b>\$1.26 billion</b>

The President’s FY17 discretionary budget request for BLM is \$1.26 billion, an increase of \$7.06 million over FY16 enacted levels. This would provide for an increase of 86 FTE and total FTE of 9,727 for FY17.<sup>35</sup>

#### *350% increase for Federal Land Acquisition*

The budget proposal includes a total of **\$88.8 million for BLM land acquisition**, including \$44.0 million in current appropriations and \$44.8 million in permanent funding.<sup>36</sup> This is \$68.3 million, or 350 percent more than the \$19.7 million enacted in FY15. Specifically, BLM has forecasted **42 acquisition projects** in several states using discretionary and mandatory funding in FY 2017.<sup>37</sup>

#### *Wild Horse and Burro Management*

BLM’s FY17 budget calls for a reduction of \$572,000 in the Wild Horse and Burro Management program to reflect the “anticipated completion of short-term activities supported with the \$3.0 million increase provided in 2016.”<sup>38</sup>

#### *Increased Grazing Fees*

BLM, as well as the U.S. Forest Service, recently increased the grazing fee for livestock federal lands to \$2.11 per animal unit month (AUM), a 25% increase over the last year and the first significant increase in decades. In its FY17 budget request, BLM has proposed a fee of \$2.50 per AUM, which is estimated to generate \$16.5 million in fee collections in 2017.<sup>39</sup>

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<sup>33</sup> Fiscal Year 2017 Interior Budget in Brief, p. DH-7

<sup>34</sup> <https://www.doi.gov/sites/doi.gov/files/uploads/Interior-Fact-Sheet-Budget-2017.pdf>, p. 4-5

<sup>35</sup> BLM FY 2017 Budget Justification. p. I – 1.

<sup>36</sup> Fiscal Year 2017 Interior Budget in Brief, Appendix B. p. BH-8

<sup>37</sup> BLM FY 2017 Budget Justification. p. VIII-11.

<sup>38</sup> Fiscal Year 2016 Interior Budget in Brief. p. DH-9.

<sup>39</sup> Fiscal Year 2016 Interior Budget in Brief. p. BH-9.

### *12 new FTEs for Sage Grouse Conservation*

BLM requests an **additional \$14.2 million for sage grouse conservation**, to “implement actions to reduce threats to Greater Sage-Grouse habitats.” Additionally, the BLM seeks to hire 12 additional employees for the purpose of implementing their Sage-Grouse strategy. \$7.6 million of this proposal is solely for the removal of invasive species and conifers.<sup>40</sup> In addition, a separate \$5 million boost for BLM's National Seed Strategy to restore priority sage-steppe habitat.<sup>41</sup>

### *Landscape Acquisition Projects: High Priority Projects*

The budget proposes **\$40.3 million to be used for land acquisitions** – an increase of \$5.3 million over 2016 enacted levels. This proposed increase is solely requested to conduct “**interagency landscape-scale**” **conservation projects**, and to acquire land for the “highest priority shared conservation goals.”<sup>42</sup>

### *Oil and Gas Oversight*

BLM seeks **\$15.2 million** and an increase in 25 FTE to “provide effective oversight of onshore oil and gas operations.”<sup>43</sup> \$13.1 million of the proposed increase is specifically requested to help **implement oil and gas rules and regulations**. Such rules include the proposed **Venting and Flaring** rule, which the BLM estimates will cost operators between \$117 and \$174 million annually.<sup>44</sup> Additionally, the BLM’s budget proposal highlights the revisions being made to **Onshore Orders 3, 4, and 5**, which seek to “address site security of oil and gas facilities and the measurement of oil and gas production.”<sup>45</sup> Specifically, Onshore Order 3 redefines how wells that produce gas on mixed ownership leases are to be measured and calculated – potentially reconfiguring the viability of many federal leases.

### *Oil and Gas Inspection Activities*

To offset the costs of BLM’s increased inspection activities, the BLM’s 2017 budget, through appropriations language, “proposes to institute **new onshore oil and gas inspection fees** to cover the costs of BLM’s inspection activities.”<sup>46</sup> Such new fees are anticipated to bring in \$48.0 million to the BLM.

### *Processing of Applications for Permit to Drill (APD)*

The BLM estimates to have 3,385 APDs pending at the start of 2017, and to receive an additional 4,467; however, BLM anticipates *processing* only 4,500 of those 7,852 APDs over the

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<sup>40</sup> BLM FY 2017 Budget Justification, p. VII-66.

<sup>41</sup> Id., p. I-7.

<sup>42</sup> Id., p. II-3.

<sup>43</sup> Id., p. VII-101.

<sup>44</sup> BLM, Regulatory Impact Analysis for Waste Prevention, Production Subject to Royalties, and Resource Conservation. P. 128-129.

<sup>45</sup> Id., p. VII-101.

<sup>46</sup> Id., p. VII-103.

course of the year.<sup>47</sup> For comparison, the previous Administration from 2005 to 2008 averaged over 7,000 *approvals* of APDs per year.<sup>48</sup> To reflect the decrease in APDs, the BLM requests a decrease of \$760 thousand in funding for such permitting activities.<sup>49</sup>

### *Increased Inspections and Tracking of Coal Leases and Permits*

The current 2016 funding levels for BLM's coal management program represented an increase of \$1.3 million over 2015 levels. The 2017 request for Coal Management Activity is \$11.0 million – an increase of \$94,000 from 2016 enacted levels due to fixed costs.<sup>50</sup> This maintained call for funding comes despite a “Secretarial Order that place[d] a pause on new [federal coal] leasing.”<sup>51</sup> This order is being justified by a BLM review of:

- The appropriate leasing mechanisms to determine how, when and where to lease;
- How to account for the environmental and public health impacts of the coal program; and
- How to ensure the sale of these public resources results in a fair return.<sup>52</sup>

### *Coal Leasing*

The request includes \$10.9 million and 71 FTEs, and no program changes from the 2016 enacted level.<sup>53</sup> In January of this year, Secretary Jewell issued a Secretarial Order imposing a **moratorium on new coal leasing** until a Programmatic Environmental Impact Statement is completed. The process is anticipated to take a minimum of three years to complete. BLM is planning on issuing a preliminary report at the end of 2016 based on information garnered from the scoping process.<sup>54</sup>

### *Other Mineral Resources*

The request includes \$10.9 million and 81 FTEs. Other Mineral Resources funds two distinct programs: the non-energy solid leasable minerals program for potash, phosphate, sodium, gilsonite, and metallic minerals on acquired lands; and mineral materials such as ordinary clay, sand, gravel, and building stone.

### *Emphasis on Renewable Energy on Federal Lands*

The budget includes a request of \$29.2 million and 145 FTEs for the Renewable Energy Management Program that includes solar, wind and geothermal energy.<sup>55</sup> BLM anticipates finalizing its rule for competitive lease sales for solar and wind development later this year.<sup>56</sup> The budget also contains a legislative proposal to eliminate royalty payments from geothermal

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<sup>47</sup> Id., p. VII-109

<sup>48</sup> Id., p. VII – 106 (chart).

<sup>49</sup> Id., p. VII-100.

<sup>50</sup> Id., p. VII-113.

<sup>51</sup> Id., p. VII-114.

<sup>52</sup> Id., p. VII-114.

<sup>53</sup> BLM FY 2017 Budget Justification, p. VII-113

<sup>54</sup> Id., p. VII -114

<sup>55</sup> Id., p. VII-123

<sup>56</sup> Id., p. VII-125



leases to counties.<sup>57</sup> This funding is being used to contribute to the President’s “aggressive goal to increase permitting of new renewable electricity generation on public lands to 20,000 megawatts . . . by 2020.”<sup>58</sup>

*Increased Mining Claim Fees, Royalties and Other Mining Restrictions.*

The FY17 budget request for Mining Law Administration is \$39.6 million and 308 FTEs. The budget assumes the program’s operating cost will be fully offset by revenue from mining claim maintenance and location fees. Between the FY14 and FY15 Assessment year (9/1/2014), approximately 48,867 claims were dropped for a loss of more than \$8.5 million in revenue. Claim location and maintenance fees were adjusted per law according to the Consumer Price Index for the assessment year beginning September 1, 2014, from \$34 - \$37 (location) and \$140 - \$155 (maintenance) per claim. The budget includes several legislative proposals that would be detrimental to the domestic mining industry, including increasing the Claim Location and Maintenance Fees, placing new hard rock exploration and mining activities under the Mineral Leasing Act, imposing a five percent gross royalty, and creating a Hardrock Abandoned Mined Land (AML) Program paid for by instituting an (AML) fee on each ton of dirt moved regardless of mineral value or land ownership status.<sup>59</sup>

Both the BLM and U.S. Forest Service have hardrock AML programs, each of which are appropriated approximately \$18 million per year. These programs have not been vetted by the authorizing committee.

Revised Land Use Plans propose to withdraw more than 10 million acres from mineral entry under the Mining Law under the auspices of protecting Sage Grouse. Mining currently affects less than 0.1% of sage grouse habitat—approximately 173,000 acres.

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

FY16 President’s Request	\$171 million
FY16 Enacted	\$171million
<b>FY17 President’s Request</b>	<b>\$175 million</b>

BOEM is charged with overseeing the planning for development of our nation’s outer continental shelf 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 February 2016, BOEM oversees 4,985 active leases in the OCS – down from 5,961 in February 2015. This total leased acreage represents less than 2% of our nation’s 1.71 billion OCS acreage. The greatest loss in active leases is from those in the Gulf of Mexico, losing 896 active leases over the last year alone (5,311 in 2015; 4,415 in 2016).

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<sup>57</sup> [https://www.doi.gov/sites/doi.gov/files/uploads/FY2017\\_BIB\\_DH067.pdf](https://www.doi.gov/sites/doi.gov/files/uploads/FY2017_BIB_DH067.pdf)

<sup>58</sup> Id., p. VII-123.

<sup>59</sup> Id.

BOEM has requested \$175.1 million for FY17, an increase of \$4.3 million over FY16's enacted amount; \$97 million of this request is from offsetting collections from rental receipts and cost recovery fees. This includes:

- \$2,895,000 (+15 FTEs) to administer a new offshore oil and gas and renewable liability program and hire subject matter experts in insurance risk, legal and credit analysis areas – likely associated with new bonding regulations.
- \$867,000 million (+3 FTEs) for resource evaluation and development activities, citing an anticipated increase in workload due to new regulations.
- \$1.6 million (+0 FTEs) for special pay authorizations to hire and keep skilled candidates and remain competitive with industry hiring practices.

*Projected Rental Revenue Losses covered by Taxpayer Dollars*

Currently a significant portion of BOEM's budget derives from offsetting receipts in the form of offshore rental fees – fees that a company pays to hold an active offshore lease prior to commercial development. Unfortunately, the number of active leases managed by BOEM has fallen by 976 since last year alone which resulted in a net decline in rental receipt revenues which offset appropriations. BOEM's FY17 budget forecasts significant shortfalls in future rental receipts (see chart<sup>60</sup>). It is important to note that while BOEM claims the predominant reason for such shortfalls is current price volatility in the oil market, the onslaught of federal regulations and uncertainty in the offshore arena under this Administration has undoubtedly contributed to these projected revenue shortfalls.

A forecast that predicts fewer offshore active leases goes hand-in-hand with a shrinking workload for the bureau and therefore obvious budgetary reductions. Yet, the bureau proposes to maintain funding through greater appropriations of taxpayer dollars to subsidize this loss in offshore activity. Specifically, offsetting revenue in FY17 for BOEM and BSEE is projected to be \$15.9 million below FY16 levels and the Department requests taxpayer dollars to fill this void.

**Table 22: Comparison of Offsetting Rental Receipt Projections**

Comparison of Offsetting Rental Receipt Projections (dollars in millions)										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
FY 2016 Baseline	142.36	142.36	142.36	142.36	142.36	142.36	142.36	142.36	142.36	142.36
2016 President's Budget (\$78.69/bbl)	142.36	142.86	131.16	112.82	111.00	116.38	110.93	108.36	108.86	98.32
<i>Surplus/Shortfall (vs. 2016 Baseline)</i>	<i>0.00</i>	<i>0.50</i>	<i>-11.20</i>	<i>-29.54</i>	<i>-31.36</i>	<i>-25.98</i>	<i>-31.43</i>	<i>-34.00</i>	<i>-33.50</i>	<i>-44.04</i>
2017 President's Budget (\$49.08/bbl)	131.94	126.41	109.34	86.27	79.45	79.37	70.05	64.19	61.47	60.06
<i>Surplus/Shortfall (vs. 2016 Baseline)</i>	<i>-10.42</i>	<i>-15.95</i>	<i>-33.02</i>	<i>-56.09</i>	<i>-62.91</i>	<i>-62.99</i>	<i>-72.31</i>	<i>-78.17</i>	<i>-80.89</i>	<i>-82.30</i>

<sup>60</sup> BOEM FY 2017 Budget Justification; p.137

*Increased Spending for New Red Tape*

As of February 1, 2016

BOEM also requests a net increase of \$4.2 million for management of its conventional energy programs – anticipating that “regulations designed to promote environmentally responsible development”<sup>61</sup> will create additional workload. As we know, the number of active leases has significantly fallen since last year. While most of those leases are in the Gulf of Mexico, the figure undoubtedly includes Arctic leases returned by Statoil and Conoco due to a price environment made more difficult by the impending Arctic regulations. BOEM also utilizes this funding for resource assessment activities through the acquisition of seismic data and for the lease sale planning process – though several scheduled lease sales in the Arctic have been canceled reducing the overall lease sale planning workload. Additionally, BOEM has yet to issue one seismic permit of the pending eight applications predominately due to interagency permitting delays with NOAA.

Planning Areas by Region <sup>1</sup>	Total Blocks	Total Acres	Number of Active Leases <sup>2,4</sup>	Acres of Active Leases	Number of Producing Leases <sup>3</sup>	Acres of Producing Leases	Number of Non-Producing Leases <sup>3,4</sup>	Acres of Non-Producing Leases
<b>Gulf of Mexico</b>								
Western	5,240	28,576,813	899	5,103,082	90	501,434	809	4,601,648
Central	12,409	66,446,351	3,471	18,390,758	801	3,887,608	2,670	14,503,150
Eastern	11,526	64,563,679	48	264,030	0	0	48	264,030
<b>Region Subtotal</b>	<b>29,175</b>	<b>159,586,843</b>	<b>4,415</b>	<b>23,757,870</b>	<b>891</b>	<b>4,389,042</b>	<b>3,524</b>	<b>19,368,828</b>
<b>Pacific<sup>4</sup></b>								
Southern California	16,164	89,028,609	43	217,669	43	217,669	0	0
<b>Region Subtotal</b>	<b>16,164</b>	<b>89,028,609</b>	<b>43</b>	<b>217,669</b>	<b>43</b>	<b>217,669</b>	<b>0</b>	<b>0</b>
<b>Alaska<sup>5</sup></b>								
Beaufort Sea	11,876	65,075,663	77	387,943	3	10,424	74	377,519
Chukchi sea	11,472	62,594,455	450	2,547,725	0	0	450	2,547,725
Cook Inlet	1,093	5,356,420	0	0	0	0	0	0
<b>Region Subtotal</b>	<b>24,441</b>	<b>133,026,538</b>	<b>527</b>	<b>2,935,668</b>	<b>3</b>	<b>10,424</b>	<b>524</b>	<b>2,925,244</b>
<b>Totals</b>	<b>69,780</b>	<b>381,641,990</b>	<b>4,985</b>	<b>27,447,976</b>	<b>968</b>	<b>4,752,793</b>	<b>4,048</b>	<b>22,695,183</b>

Updated Monthly

FY15 offshore energy leasing activities by BOEM generated revenue to the federal treasury in the form of bonus bids, with oil and gas leasing activities generated \$642 million and wind leasing activities generated \$9 million.

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

FY16 President’s Request	\$204.7 million
FY16 Enacted	\$204.7 million
<b>FY17 President’s Request</b>	<b>\$204.9 million</b>

BSEE is charged with 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. In 2015, BSEE approved 12 applications for permits to drill new wells in shallow water and 69 in deepwater in the Gulf of Mexico.<sup>62</sup> Of the 4,985 active leases on the OCS, 968 producing leases account for 16% of total U.S. crude oil production and 5% of total U.S. natural gas production.<sup>63</sup>

The BSEE request reflects a net increase of roughly \$200,000 over FY16 levels; though given projected decreases in offshore rental receipts, BSEE proposes to increase their direct appropriation of taxpayer dollars by \$ 7.9 million. Funding priorities include: \$3.9 million (+0 FTEs) for continued special pay dispensation to attract and retain highly skilled professionals and remain competitive with industry hiring practices, and \$15 million for continued oil spill

<sup>61</sup> BOEM FY2017 Budget Justification; p.10

<sup>62</sup> <http://www.bsee.gov/Exploration-and-Production/Permits/Status-of-Gulf-of-Mexico-Well-Permits/>

<sup>63</sup> BSEE FY2016 Budget Justification, p 3.

research conducted at the National Oil Spill Response Research and Renewable Energy Test Facility in New Jersey, which is appropriated from the Oil Spill Liability Trust Fund.

### *New Regulations on Future Offshore Drilling, Proposals to Eliminate Gulf Revenue Sharing*

BSEE's highly contentious **well control rule** was recently sent to the Office of Management and Budget for final review – and as drafted offers little certainty to private enterprise making investment decisions for future operations in the Gulf of Mexico and beyond. Additionally, the pending Arctic Rule has only compounded existing concerns on price volatility with regulatory uncertainty.

A report by Baker Hughes shows the rig count in the Gulf of Mexico has fallen substantially since last year – falling from 52 a year ago to 25 as of February 2016.<sup>64</sup> Recent announcements that companies have relinquished their Arctic leases are indicative of the impact that regulatory uncertainty has in the current price environment. BSEE's budget projects fewer companies to invest in offshore leasing in the future – leading to declines in rental revenues in future years. BSEE relies on this revenue to offset budgetary expenses, which is why BSEE's FY17 budget proposes to ask taxpayers to foot the bill for these projected shortfalls.

### *Elimination of GOMESA Revenue Sharing*

Once again in FY17, the Administration proposes to **eliminate revenue sharing** currently promised to four Gulf states under the Gulf of Mexico Energy Security Act (GOMESA). At the state level, this revenue is dedicated to hurricane protection efforts, coastal restoration, and other conservation efforts. The Administration proposes to end this funding and instead direct this revenue towards establishment of a \$2 billion Coastal Climate Resilience program. The program would put the federal government in control of allocating funds to states and local governments to adapt to climate change.

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

FY16 President's Request	\$162.5 million
FY16 Enacted	\$240.7 million
<b>FY17 President's Request</b>	<b>\$159.9 million</b>

The FY17 budget for OSM is \$159.9 million, an apparent \$80.8 million decrease from the 2016 enacted level. However, after correcting for a \$90 million dollar community revitalization pilot project, it is an increase of \$9.2 million. OSM estimates staffing will equal 515 FTEs in 2017, an increase of 27 FTE from the 2016 estimated level.<sup>65</sup> 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.<sup>66</sup>

<sup>64</sup> <http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-reportsother>

<sup>65</sup> OSM FY2017 Budget Justification. p. 36.

<sup>66</sup> Id., p. 1.

*Raises Fees, Undermines the Abandoned Mine Land Program*

The President’s budget includes several proposals that would require legislative changes to SMCRA that further undermine the compromise reached in 2006 that allowed for the collection of the Abandoned Mine Land (AML) fees through FY21. The proposed legislative changes, if enacted, would make it extremely difficult to reauthorize the AML fee beyond FY21. The **POWER + Plan** proposes to **take \$1 billion** from the “remaining unappropriated balance” of OSM’s AML Fund to facilitate the revitalization of economically depressed coalfield communities.<sup>67</sup> The unappropriated \$1 billion will most likely come from the reallocated prior balance money that is designated by SMCRA for payout to uncertified states starting in 2022. The Power + Plan upends the AML program laid out in SMCRA which is designed to address those abandoned mine sites that pose an imminent or serious threat to human health and safety. Rep. Hal Rogers (R-KY) introduced the RECLAIM Act (H.R. 4456) which mirrors the proposed POWER + Plan.

This proposal would end permanent appropriations payments to certified states providing a savings of \$250 million over the next ten years (this would affect five states and three tribes). Wyoming would be impacted the most by this proposal. Currently Wyoming coal operations contribute more than half of all the AML fees collected (56%). If payments to Wyoming and the other certified states were eliminated, it would be highly unlikely that the AML program would be reauthorized beyond FY21.

The budget also proposes to distribute \$375.4 million in FY17 to the United Mine Workers of America retiree health and pension plans.<sup>68</sup> Finally, the budget would seek to increase the AML fees by reinstating the fee structure established in 1977. The fee structure was amended in 2006.

**United States Geological Survey (USGS)**

FY15 Actual	\$1.045 billion
FY16 Enacted	\$1.062 billion
<b>FY17 President’s Request</b>	<b>\$1.169 billion</b>

The FY17 USGS budget is \$1.1 billion, an increase of \$106.8 million above the FY16 enacted level. The USGS estimates staffing will equal 87,974 FTEs in 2016, an increase of 101 FTE from 2016.<sup>69</sup> Only one program at USGS is currently authorized.

*Ecosystems*

The FY17 budget request is \$173.9 million – an **increase of \$13.7 million** from the FY16 enacted level.<sup>70</sup> Ecosystems includes biodiversity analysis, fisheries programs, impact on wildlife from renewable energy development, environments such as the Arctic and Sage Steppe Landscape, invasive species and Cooperative Research Units.

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<sup>67</sup>Id., p. 137.

<sup>68</sup>Id., p. 137.

<sup>69</sup>[https://www.doi.gov/sites/doi.gov/files/uploads/FY2017\\_BIB\\_BH053.pdf](https://www.doi.gov/sites/doi.gov/files/uploads/FY2017_BIB_BH053.pdf)

<sup>70</sup> USGS FY2017 Budget Justification. p. A-5

### *Climate and Land Use Change*

Climate and Land Use Change budget request is \$171.4 million– an **increase of \$31.4 million** over the 2016 enacted. This program area supports the Administrations priorities ... “including USGCRP, the President’s Climate Action Plan and other government –wide strategies such as the National Fish, Wildlife and Plants Adaptation Strategy.” Also supports the National Climate Change and Wildlife Science Center and DOI Climate Science Centers and the Land Remote Sensing Program (Landsat, Sentinel and Big Earth Data, and WaterSMART).<sup>71</sup>

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

The 2017 Budget Request for these program areas is \$99.4 million - an **increase of \$4.9 million** over the FY16 enacted. Less than 10% of the USGS budget is dedicated to the Energy and Minerals account. Significant funding is being directed towards ecosystems and climate research.<sup>72</sup>

### *Natural Hazards, Core Science Systems, Science Support and Facilities*

The Natural Hazards program (Earthquake Hazards, Volcano Hazards, Landslide Hazards, Global Seismographic Network, Geomagnetism and Coastal and Marine Geology) requests \$149.7 million - an **increase of \$10.6 million** over FY16 enacted, Core Science Systems (includes the National Cooperative Geologic Mapping Program and the National Geospatial Program) requests \$118.3 million– an increase of \$6.8 million over FY16 enacted. Science Support (administration, management and information services) requests \$110.5 million an increase of \$4.9 million over FY16 enacted. Facilities requests \$117.2 million an increase of \$16.8 million over FY16 enacted.<sup>73</sup>

### *Water Resources*

The 2017 budget requests \$227.9 million for this mission area, an **increase of \$17.3 million** from the FY16 enacted level.<sup>74</sup>

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

FY16 President’s Request (net current authority)	\$1.049 billion <sup>75</sup>
FY16 Enacted	\$1.215 billion <sup>76</sup>
<b>FY17 President’s Request</b>	<b>\$1.050 billion<sup>77</sup></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

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<sup>71</sup> Id., pp. A-7 and 8.

<sup>72</sup> Id., p. A-9.

<sup>73</sup> Id., pp. A-12, 15-18

<sup>74</sup> Id., P. A-13-15.

<sup>75</sup> Bureau of Reclamation FY2016 President’s Budget Stakeholders Briefing, p. 10

<sup>76</sup> Bureau of Reclamation FY2017 President’s Budget Stakeholders Briefing, p. 7

<sup>77</sup> Id., p. 7.

vegetables and one quarter of its fresh fruit and nut crops.<sup>78</sup> 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>79</sup>

The President's FY17 net budget request for Reclamation is \$1.050 billion, **a decrease from the FY16 enacted level** and an increase from the FY16 requested level.<sup>80</sup> The majority of Reclamation's funding is contained within the "Water and Related Resources" account. For the second consecutive year the Administration proposes to restructure this account in the FY16 budget by excluding two subaccounts (Indian Water Rights and San Joaquin Restoration Funds). If these two accounts were kept in the main account, the budget request would add up to \$955.5 million compared to the FY16 enacted level of \$1.118 billion.<sup>81</sup>

Still included in this main account are the following sub-accounts:<sup>82</sup>

- Water and Energy Management and Development (FY17 \$224.6 million)
- Land Management and Development (FY17 \$38.1 million)
- Fish and Wildlife Management and Development (FY17 \$120.7 million)
- Facility Operations (FY17 \$250.4 million)
- Facility Maintenance and Rehabilitation (FY17 \$179.4 million)

The Indian Water Rights Settlements Account is proposed for \$106.1 million, a decrease from \$112.4 million in the FY16 enacted level.<sup>83</sup> The San Joaquin Restoration Fund accounts for \$36 million.<sup>84</sup> Other main accounts under the FY17 proposed budget include:<sup>85</sup>

- \$58.5 million for Policy and Administration (mainly for staff in Denver and Washington, DC headquarters)
- \$55.6 million for the Central Valley Project Restoration Fund (California)
- \$36 million for CALFED (California)

Reclamation budget request uses some of the above and other amounts to include in justifications for the following "**Secretarial Initiatives**":

- Strengthening Tribal Initiatives<sup>86</sup>
- Enhancing and Preserving America's Great Outdoors<sup>87</sup>
- Sustainable, Secure Water Supplies and Water Climate Resiliency (including WaterSMART)<sup>88</sup>

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<sup>78</sup> <http://www.usbr.gov/main/about/fact.html>

<sup>79</sup> Id.

<sup>80</sup> Bureau of Reclamation FY2017 President's Budget Stakeholders Briefing, p. 10.

<sup>81</sup> Id., p. 7.

<sup>82</sup> BOR FY 2017 Budget Justifications, p. 30.

<sup>83</sup> Bureau of Reclamation FY2017 President's Budget Stakeholders Briefing, p. 11.

<sup>84</sup> Id., p. 7.

<sup>85</sup> Id., p. 7.

<sup>86</sup> Id., P. 10-11

<sup>87</sup> Id, P. 12

<sup>88</sup> Id., pp. 14-15

- Building a Landscape Level Understanding of Our Resources<sup>89</sup>
- Powering Our Future – Renewable Energy<sup>90</sup>
- Engaging the Next Generation<sup>91</sup>
- Next Generation<sup>92</sup>

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

FY16 President’s Request	\$2.97 billion <sup>93</sup>
FY16 Enacted	\$2.86 billion <sup>94</sup>
<b>FY17 President’s Request</b>	<b>\$3.04 billion<sup>95</sup></b>

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 73 national fish hatcheries.<sup>96</sup> The FY17 President’s budget for FWS totals over \$3.0 billion, including current appropriations of \$1.6 billion, **an increase of 2%** (\$54.5 million) compared to the 2016 request. The budget includes \$1.5 billion available under permanent appropriations and FWS estimates 8,974 FTEs in 2017, an increase of 235 FTE from the 2016 enacted level.

#### *Increased FWS Land Acquisition*

The FY17 budget proposal includes **\$137.6 million for Federal land acquisition**, “composed of \$58.7 million in current funding and \$79.0 million in proposed permanent funding, an increase of \$69.1million above the 2016 level.”<sup>97</sup> Specifically, FWS has requested funding for **34 proposed land acquisition projects** totaling almost 105,000 acres, funded through both discretionary and mandatory sources.<sup>98</sup>

#### *Increases for Landscape Conservation Cooperatives*

The budget includes **\$65.9 million, to for landscape level** science and conservation initiatives, including **22 Landscape Conservation Cooperatives (LCC)**, an **increase of \$9.5 million** above the 2016 level. These LCCs are intended to analyze, among other things, climate change impacts on broad landscapes.

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<sup>89</sup> Id., pp.16-18

<sup>90</sup> Id., p. 19

<sup>91</sup> Id., p. 20

<sup>92</sup> Id., p. 2

<sup>93</sup> FWS FY2016 Budget Justification, p. EX-5

<sup>94</sup> FWS FY2017 Budget Justification, p. EX-5

<sup>95</sup> Id., P. EX-5

<sup>96</sup> Id., p. EX-2

<sup>97</sup> Fiscal Year 2017 Interior Budget in Brief. Appendix B, p. BH-63.

<sup>98</sup> FWS FY2017 Budget Justification, p. LA-9.



### *Cooperative Endangered Species Conservation Fund*

The budget requests \$108.5 million for the Cooperative Endangered Species Conservation Fund including \$53.5 million in current appropriations and \$55.0 million in permanent funding, as well as six new FTEs drawn from permanent funding.<sup>99</sup>

### *Increases for ESA Listings*

FWS' budget request includes **\$252.3 million to carry out “ecological services”** which includes activities carried out under the Endangered Species Act (ESA), an increase of \$18.3 million over the FY16 enacted level. Specifically, the budget includes program increases of **“\$2.3 million for listing activities, \$5.7 million for planning and consultation activities, \$2.0 million for conservation and restoration, and \$6.5 million to support recovery activities.”**<sup>100</sup> Also included is a \$750,000 increase to a program to support sagebrush steppe ecosystems and Greater Sage Grouse habitat, despite the FWS' 2015 finding that the species does not warrant protection under the ESA.<sup>101</sup> FWS has also requested \$1.5 million for critical habitat designation, a reduction from the 2016 enacted level.<sup>102</sup>

### *Increases for FWS Law Enforcement*

The request includes \$75.1 million for the FWS law enforcement program, which investigates and enforces wildlife crimes under a variety of laws, **an increase of \$328,000** over the 2016 level.<sup>103</sup>

### *Increases for the National Wildlife Refuge System*

FWS has requested \$506.6 million for the operation and maintenance of the National Wildlife Refuge System, **an increase of \$25.2 million** above the 2016 level.<sup>104</sup> The budget request also includes \$7.5 million in new funding for refuges in urban areas.<sup>105</sup>

### *86% Increase for FWS “Science Support”*

The 2017 request for “science support” is \$20.6 million, **a 21% increase** (\$3.6 million) above the 2016 level. This includes a program increase of \$1.0 million to expand application of Strategic Habitat Conservation, which is used to identify “priority species and habitat, desired biological outcomes, and develops conservation strategies for achieving these outcomes.”<sup>106</sup>

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<sup>99</sup> Fiscal Year 2017 Interior Budget in Brief. Appendix B, p. BH-67.

<sup>100</sup> Id., p. BH-64.

<sup>101</sup> Id., p. BH-64.

<sup>102</sup> FWS F2017 Budget Justification, p. 9.

<sup>103</sup> Fiscal Year 2017 Interior Budget in Brief. Appendix B, p. BH-65.

<sup>104</sup> Fiscal Year 2017 Interior Budget in Brief. Appendix B, p. BH-64.

<sup>105</sup> Id., p. BH-65.

<sup>106</sup> Id., p. BH-66.

### *Increases for National Fish Hatcheries*

FWS has requested \$53.8 million to operate the National Fish Hatchery System, an **increase of \$400,000** above the FY16 requested amount. This includes a \$3.0 million program increase for maintenance of infrastructure of pumps and raceways at fish hatcheries and \$1.6 million for planning and monitoring activities in the Klamath Basin.<sup>107</sup>

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

FY16 President's Request	\$4.2 billion
FY16 Enacted	\$3.4 billion
<b>FY17 President's Request</b>	<b>\$4.3 billion</b>

The President's total FY17 discretionary request is \$3.1 billion, **an increase of \$250 million**, or 8.8% above FY16 enacted.<sup>108</sup> The budget requests an additional \$712 million in new mandatory spending. An **increase of 281 FTEs** is requested, for a total of 20,486 FTEs, of which 16,713 would be funded from discretionary authority.<sup>109</sup>

### *\$154 Million Increase for Operation of the National Park System (ONPS)*

The request includes \$2.5 billion for the operation of national parks, an increase of \$155 million from FY16 enacted.<sup>110</sup> This includes an **increase of \$116 million** for the "Centennial Initiative," to support a second century of preserving the parks.<sup>111</sup>

### *Centennial Initiative*

The President's request includes a discretionary increase of \$190 million for centennial-related increases across three accounts (ONPS, Construction, and Centennial Challenge). The funds would mainly address deferred maintenance but also would be used for other centennial-related activities, such as promoting visits by young people.<sup>112</sup>

In addition, NPS seeks mandatory appropriations of up to \$100 million in federal matching funds for donations under the Centennial Challenge program, along with \$300 million for a "Second Century Infrastructure Investment" fund and \$38 million in additional recreation fees for centennial-related purposes.<sup>113</sup>

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<sup>107</sup> Id., p. BH-66.

<sup>108</sup> Comay, Laura B. National Park Service: Appropriations in Focus. Report no. IF10122. Washington, D.C.: Congressional Research Service, 2016.

<sup>109</sup> NPS FY2017 NPS Budget Justification, p. Overview-4.

<sup>110</sup> Id., p. Overview-6

<sup>111</sup> Id., p. Overview-6

<sup>112</sup> Comay, Laura B. National Park Service: Appropriations in Focus. Report no. IF10122. Washington, D.C.: Congressional Research Service, 2016.

<sup>113</sup> Id.,

*Increased Land Acquisition and State Assistance*

The President’s budget requests **\$178 million in discretionary spending for federal land acquisition and state conservation grants**, an increase of \$5 million from FY16 enacted. Of the \$173.7 million appropriated for the account for FY16, \$63.7 million was for NPS acquisition and \$110 million was for state assistance.<sup>114</sup> Additionally, for FY17 the NPS requests \$111.2 million in mandatory funding for NPS’s Land Acquisition and State Assistance account, plus another \$30 million for urban park grants.<sup>115</sup>

*Construction*

The President’s budget requests \$252 million in discretionary appropriations for the NPS Construction account, **an increase of \$59 million** over FY16 enacted. Additionally, NPS seeks mandatory funding of \$300 million in FY17 to address deferred maintenance needs and improve the condition of NPS assets.<sup>116</sup>

*Historic Preservation Fund (HPF)*

The President’s budget requests \$87.4 million, **an increase of \$22 million** over FY16 enacted. The request includes increases to the HPF account of \$2 million to support grants to tribes, \$3 million to support grants to Historically Black Colleges and Universities, and \$17 million to support competitive grants for the sites and stories of Civil Rights in America.<sup>117</sup>

**Bureau of Indian Affairs (BIA)**

FY16 President’s Request	\$2.92 billion
FY16 Enacted	\$2.79 billion
<b>FY17 President’s Request</b>	<b>\$2.93 billion<sup>118</sup></b>

The President’s FY17 budget request is \$2.93 billion, a **\$137.6 million increase**, for the Bureau of Indian Affairs (BIA). 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 7,431 FTEs in FY17, an **increase of 286 employees** from FY16, half of which will be dedicated within the Bureau of Indian Education (BIE).<sup>119</sup>

*Increased Tribal Law Enforcement/Public Safety and Justice*

The President requests \$373.5 million, a decrease of \$3.9 million over the FY16 enacted level.<sup>120</sup> This line item encompasses law enforcement operations and police services. This also

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<sup>114</sup> Id.,

<sup>115</sup> NPS FY 2017 NPS Budget Justification, p. Overview-50.

<sup>116</sup> Id., p. Overview-7.

<sup>117</sup> Id.

<sup>118</sup> BIA FY2017 Budget Justification, p. IA-ES-12.

<sup>119</sup> Id.

<sup>120</sup> Id., p. IA-PSJ-1.

includes detention and correction programs. The change is from a decrease in tribal justice support which provides technical assistance, tribal court reviews on a daily basis.

### *BIE Transformation*

The budget request for the BIE transformation provides **an increase \$49.3 million** which are to improve opportunities and outcomes in the classroom; expand multi-generational programs to advance early childhood development; provide improved instructional services and teacher quality; and promote enhanced language and cultural programs. The budget also proposes investments to further enhance broadband and digital access and support tribal control of student education.<sup>121</sup>

### *Tiwahe*

In 2015, the President announced the Tiwahe initiative which was intended to combat interrelated problems of poverty, violence, and substance abuse in Indian communities. The FY17 budget request contains **an increase of \$21 million** over the FY16 appropriated level for social service programs to provide culturally-appropriate services with the goal of empowering individuals and families through health promotion, family stability, and strengthening tribal communities as a whole.<sup>122</sup>

### *Climate Resilience in Indian Country*

The President is requesting \$13 million, **an increase of \$3 million**, for climate change resilience efforts by the BIA. The program goal is the mainstreaming of climate considerations at the project level through leadership engagement, delivery of data and tools to tribal and trust managers and their partners, and by providing training and tribal capacity building.<sup>123</sup>

### *Tribal Forestry*

The BIA proposes \$52.15 million (**increase of \$241,000**) for tribal forest management.<sup>124</sup> For close to a decade, the BIA has requested program decreases for tribal forest management, even as Congress has appropriated level funding. Tribal management provides significant employment, wildfire prevention, production of timber, and habitat protection. Even with the proposed increase, tribal forest management programs are underfunded by as much as \$100 million, as reported in 2013 by the Indian Forest Management Assessment Team.

This minor increase coming after a historic forest fire season in the Pacific Northwest, leads the Committee to believe that the Administration has not given enough weight mitigate any possible liabilities for the management of a trust asset pursuant to the National Indian Forest Resources Management Act.

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<sup>121</sup> Id., p. IA-ES-5.

<sup>122</sup> Id., p. IA-ES-6.

<sup>123</sup> Id., p. IA-ES-9.

<sup>124</sup> Id., p. IA-TNR-35.

### *Indian Irrigation Projects*

The BIA has proposed \$2.61 million for Indian Irrigation Project Rehabilitation, which accounts for a **zero net change**.<sup>125</sup> The Committee is very concerned given the BIA has estimated that the 15 revenue generating irrigation systems, which are close to 100 years old, have a combined deferred maintenance total close to \$600 million.

### **Office of the Special Trustee (OST)**

FY16 President's Request	\$226 million
FY16 Enacted	\$352 million
<b>FY17 President's Request</b>	<b>\$361 million</b>

The President's request of \$361 million<sup>126</sup> for the Office of the Special Trustee for American Indians (OST) is divided into two main categories: current and permanent appropriations. The current discretionary appropriations request is \$140.3 million,<sup>127</sup> **an increase of \$1.3 million** from the FY16 enacted level. The requested permanent funding for OST during FY17 is \$221 million,<sup>128</sup> **an increase of \$8 million** from the FY16 enacted level. This office is the financial manager of funds held in trust by the United States for the benefit of approximately 397,000 individual Indians and more than 250 Indian tribes. These monies, currently totaling a \$4.9 billion, are mostly proceeds from the use and leasing of Indian trust lands managed by the Bureau of Indian Affairs (e.g., timber development and mineral leasing), and from judgment funds and special payments by the United States.

The 1994 statute establishing OST contemplates the eventual sunset of the Office when certain trust fund accounting goals are met. There is no indication the Department plans to terminate OST in the foreseeable future.

### **Office of Insular Affairs (OIA)**

FY16 President's Request	\$643.6 million
FY16 Enacted	\$605.5 million
<b>FY17 President's Request</b>	<b>\$652.7 million</b>

The proposed budget for the Office of Insular Affairs (OIA) is \$652.7 million<sup>129</sup>, **an increase of \$47.1 million** from the FY16 enacted level. The OIA budget is comprised of two main categories, current and permanent appropriations. The budget request for current discretionary spending is \$74.9 million,<sup>130</sup> **an increase of \$12.4 million** above the enacted FY16 level. Requested current mandatory commitments are \$27.7 million,<sup>131</sup> a decrease of \$13.1

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<sup>125</sup> Id., p. IA-CON-RM-3.

<sup>126</sup> OST FY2017 Budget Justifications, p. OST- 2

<sup>127</sup> Id.

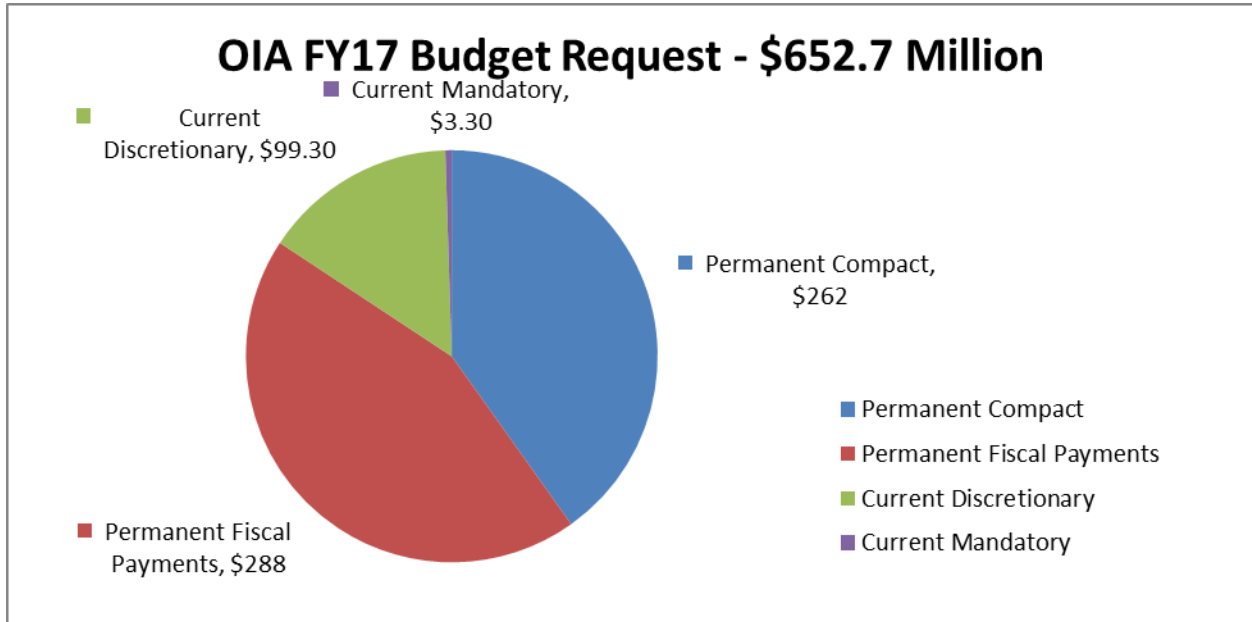
<sup>128</sup> Id.

<sup>129</sup> OIA FY2017 Budget Justification, p.4.

<sup>130</sup> Id., p. 7

<sup>131</sup> Id., p. 7

million from the FY16 enacted level. The President’s budget request for permanent appropriations is \$550 million, an increase of \$47.8 million.



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 current mandatory funding for Compacts of Free Association. The request for current discretionary assistance is \$99.3<sup>132</sup> million (**an increase of \$12.7 million**), and would support these following primary items, among others: American Samoa Operations (\$22.75 million)<sup>133</sup>; Capital Improvement Project Grants (\$27.7 million)<sup>134</sup>; Office of Insular Affairs (\$9.8 million)<sup>135</sup>; Technical Assistance (\$21 million).<sup>136</sup>

The Compact of Free Association<sup>137</sup> current mandatory funding request is \$3.31 million, a **decrease of \$13.14 million**. The decrease is attributed to authorized funds for the Palau Compact Extension, which the OIA does not request but has been granted in past appropriations. OIA has instead chosen to account for the Palau Compact in their Permanent funding request, contingent upon Congressional action in the second session of the 114<sup>th</sup>. In 2010, an updated agreement between the U.S. and Palau was reached and is currently awaiting Congressional action. H.R. 4531 was introduced by Rep. Sablan (D-CNMI) on February 10, 2016, and has been referred to the Committee on Natural Resources with a subsequent referral to the House Foreign Affairs Committee.

<sup>132</sup> Id., p.7

<sup>133</sup> Id., p. 19

<sup>134</sup> Id., p. 23.

<sup>135</sup> Id., p. 37.

<sup>136</sup> Id., p. 37.

<sup>137</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.

The proposed mandatory proposal is \$550 million which includes \$262 million<sup>138</sup> **(increase of \$47.8 million)** for Compact of Free Association payments to:

- Marshall Islands (\$76 million, increase of \$1.4 million)<sup>139</sup>
- Federated States of Micronesia (\$110.1 million, increase of \$959 thousand)<sup>140</sup>
- The Republic of Palau (\$45.5 million, increase of \$45.5 million)<sup>141</sup>
- Compact Impact (\$30 million, no change)<sup>142</sup>
- Judicial Training (\$357 thousand, decrease of \$8,000)<sup>143</sup>

The remaining \$288 million in permanent appropriations are fiscal payments which reimburse the Virgin Islands for federal excise taxes collected on rum sales (\$209 million)<sup>144</sup> and reimbursement to Guam for the income taxes collected from federal employees and military personnel residing in Guam (\$79 million).<sup>145</sup>

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<sup>138</sup> Id., p. 7.

<sup>139</sup> Id., p. 76.

<sup>140</sup> Id., p. 76.

<sup>141</sup> Id., p. 90. The Palau Compact has been unfunded since 2010 and thus represents the largest portion of the increase in permanent funding.

<sup>142</sup> Id., p. 88.

<sup>143</sup> Id., p. 76.

<sup>144</sup> Id., p. 7.

<sup>145</sup> Id., p. 7.