

Committee on Natural Resources

Rob Bishop, Chairman
Hearing Memorandum

March 15, 2018

To: All Natural Resource Committee Members

From: Majority Committee Staff (x52761)

Hearing: Oversight hearing on “*Policy Priorities at the Department of the Interior and the Administration’s Fiscal Year 2019 Budget Proposal.*”

The House Committee on Natural Resources will hold an oversight hearing on **Thursday, March 15, 2018, at 10:00 a.m. in 1324 Longworth** to review “*Policy Priorities at the Department of the Interior and the Administration’s Fiscal Year 2019 Budget Proposal.*” This hearing will consist of one panelist, the Secretary of the Interior, the Honorable Ryan Zinke. The hearing will focus on the Trump Administration’s FY2019 budget request for the Department of the Interior (DOI) and other policy priorities, including DOI policies and actions to foster energy dominance, proposals to reduce the deferred maintenance backlog and increase public access to public lands, and the DOI ongoing reorganization.

Witness:

Testifying:

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

Promoting Energy Dominance

In recent years, restrictive management practices and burdensome regulations have discouraged energy development on our onshore and offshore Federal lands. The FY2019 budget request highlights the critical role of this development in strengthening national security, supporting job creation, and providing revenue to the Federal government and energy-producing States. Under the Trump administration, DOI continues to be proactive in addressing overly burdensome regulations for onshore and offshore energy development. The hearing will further review these actions and identify areas where additional statutory reforms are necessary.

Reducing the Maintenance Backlog on Public Lands

The DOI has a deferred maintenance backlog of over \$16 billion which has a substantial impact on access to federal land, user experience and safety of visitors and the public at large.¹ The FY2019 budget for DOI, excluding the Bureau of Reclamation, includes \$1.9 billion in funding for construction and deferred maintenance.²

The FY 2019 budget request also proposes establishing a Public Lands Infrastructure Fund as a solution to address deferred maintenance within NPS, FWS and Bureau of Indian Affairs education. The budget proposes leveraging growing revenues from Federal energy leasing, depositing 50 percent of additional revenues that are not otherwise allocated into the Public Lands Infrastructure Fund for DOI infrastructure needs. The proposal caps deposits to the Fund at a total of \$18 billion.

The hearing will review this proposal along with other actions by the DOI to implement needed improvements with greater efficiency and effectiveness, and examine additional statutory actions the Committee can take to support these goals.

DOI Reform and Reorganization

In response to President Trump's Executive Order on a Comprehensive Plan for Reorganizing the Executive Branch,³ Secretary Zinke outlined a plan for reorganizing DOI to fulfill the goals set out by the President and improve the quality of service provided to the American people by their government.⁴ This plan includes a realignment of bureau boundaries to create common Department-level regions that would improve efficiency and coordination, focus resources to the field, and improve mission delivery.⁵ To complement these common regions, DOI is also considering the establishment of Department-level managers for each region, whose responsibilities would include resolving conflicts caused by overlapping bureau

¹The Department of the Interior, FY2019 Budget in Brief

https://edit.doi.gov/sites/doi.gov/files/uploads/2019_highlights_book.pdf

³ Exec. Order No. 13781, 82 Fed. Reg. 1359 (Mar. 16, 2017), available at <https://www.gpo.gov/fdsys/pkg/FR-2017-03-16/pdf/2017-05399.pdf>.

³ Exec. Order No. 13781, 82 Fed. Reg. 1359 (Mar. 16, 2017), available at <https://www.gpo.gov/fdsys/pkg/FR-2017-03-16/pdf/2017-05399.pdf>.

⁴ U.S. Dep't of the Interior, Fiscal Year 2019 Budget Justifications and Performance Information, available at https://www.doi.gov/sites/doi.gov/files/uploads/fy2019_os_budget_justification.pdf, at OS-6.

⁵ *Id.*, at OS-6.

jurisdictions.⁶ Organizing departmental regions in this manner will allow for more effective decision making, streamlined operations, and more effective public engagement with DOI.

The Secretary’s plan for reorganization also includes the potential for relocation of certain DOI bureau headquarters to western States. These proposed bureaus include the BLM, BOR and FWS, whose policies and work disproportionately impacts western States and communities.⁷

During DOI’s course of finalizing its plans for reorganization, the Secretary and his staff have conducted significant outreach to Congress, Governors, local communities, and interested stakeholder groups. DOI provided the Committee with multiple briefings concerning its reorganization initiative⁸ and participated in a forum in Salt Lake City, Utah, where locally elected officials from western States had the opportunity to learn how the reorganization might affect their communities.⁹ Further, DOI has responded to the feedback they received and adjusted plans accordingly, including revising proposed common regions to more closely follow State lines, as opposed to earlier proposals that relied solely on watersheds and basins.¹⁰

The FY2019 budget allocates \$17.5 million for reorganization of DOI. Within this amount, \$5 million is allocated for moving portions of BLM headquarters and another \$5 million for moving some of FWS headquarters. Another \$2.5 million is proposed for consolidating staff from multiple bureaus within the same building in Anchorage, Alaska. Additionally, \$3 million will be used for relocating parts of BOR headquarters to the Denver metropolitan area and \$2 million will be used for relocating a small number of employees to unified regional offices.¹¹

The hearing will review these developments and other DOI actions to increase transparency, accountability and quality of Department services to the public.

Department Wide Programs

Payments in Lieu of Taxes

FY 2018 CR	\$461.842 million
FY 2019 President’s Request	\$465 million

Payments in Lieu of Taxes (PILT) is an important program that provides payments to local governments to offset losses in property taxes due to non-taxable federal land, most

⁶ “FAQ about the DOI Reorganization”, Feb. 22, 2018, *available at* http://westgov.org/images/editor/FAQ_Reorg_and_Boundaries_2_22_18.pdf.

⁷ *Id.*

⁸ *E.g.* Briefing from Jim Cason, Associate Dep. Sec., DOI, to congressional staff, Jan. 16, 2018.

⁹ Amy Joi O’Donoghue, *Interior deputy pitches agency overhaul to Utah’s rural leaders*, DESERET NEWS, Feb. 2, 2018, Feb. 2, 2018, *available at* <https://www.deseretnews.com/article/900009327/interior-deputy-pitches-agency-overhaul-to-utahs-rural-leaders.html>.

¹⁰ Letter from Western Governors Association to Ryan Zinke, Secretary, DOI, Feb. 23, 2018, *available at* http://westgov.org/images/editor/DOI_Reorg_-_groups.pdf

¹¹ “FAQ about the DOI Reorganization”, Feb. 22, 2018, *available at* http://westgov.org/images/editor/FAQ_Reorg_and_Boundaries_2_22_18.pdf.

concentrated in western States. The FY2019 budget maintains a longstanding commitment to rural communities with sizable portions of federal estate by including \$465 million for PILT.¹²

Wildland Fire Management

The FY2019 budget proposal fully funds the ten-year rolling average cost for wildfire suppression at \$388.135 million. Given the nature of wildfires, the proposal includes funds within the discretionary budget caps and requests a separate annual cap adjustment for suppression operations. The proposal supports active forest management and salvaging of dead and dying trees, among other policies, to ensure healthy and resilient forests.¹³

Bureau of Indian Affairs (BIA)

FY2018 CR	\$2.84 billion
FY2019 President's Request	\$2.40 billion¹⁴

The FY2019 budget request is \$2.4 billion for BIA. 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 6,873 FTEs (“full time equivalent” employees) in FY2019, a decrease of 330 employees from FY2018.

Funding for the BIA is divided into broad categories of functions and services. For FY2019 these include: Operation of Indian Programs, \$2 billion, a decrease of \$317.10 million; Contract Support Costs, \$231 million, a decrease of \$47 million; Construction, \$111.92 million, a decrease of \$78.8 million; Land and Water Claims Settlements, \$45.6 million, an increase of \$905,000; and fixed costs, fully funded at \$9.7 million, a decrease of \$7.6 million. In addition to the \$2.4 billion budget request for BIA, \$122.51 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 BIA and spent on maintaining and operating these systems.

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 FY2019 budget includes \$153.4 million, a decrease of \$46.2 million over FY2018.

¹² U.S. Department of the Interior: Fiscal Year 2019 The Interior Budget In Brief (2018). DH-14 (https://edit.doi.gov/sites/doi.gov/files/uploads/2019_highlights_book.pdf)

¹³ Ibid. DH-16

¹⁴ Budget Justifications for Fiscal Year 2019, Bureau of Indian Affairs, IA-ES-2.

Contract Support Costs

The FY2019 budget request includes \$231 million (a decrease of \$47 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, 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 FY2019 budget continues to request funding for Contract Support Costs in a separate indefinite current account.

Bureau of Land Management (BLM)

FY2018 CR	\$1.259 billion
FY2019 President's Request	\$1.038 billion¹⁵

The FY2019 budget request for BLM is \$1.038 billion, covering two main operating accounts: Management of Lands and Resources (MLR) (\$930.6 million) and Oregon and California Grant Lands (O&C) (\$90 million). The FY2019 budget proposal anticipates streamlining business operations in support of energy and mineral development, livestock grazing and other permits in support of administration priorities. As part of providing more efficient services through its programs, the FY2019 submission includes a budget restructure for both the MLR and O&C accounts.

The FY2019 budget requests \$185 million for Energy and Minerals Management activities on public lands.¹⁶ BLM is responsible for managing exploration and development of oil, gas, coal, hardrock minerals and renewable resources on lands managed by the agency. BLM proposes cuts to the renewable energy program while still maintaining programmatic support for an all-of-the-above energy development strategy¹⁷.

The FY2019 budget requests \$137 million in discretionary funds for oil and gas management activities, an increase of \$16 million over FY2018.¹⁸ Notably, the request includes \$9.5 million to establish a competitive oil and gas program in the Coastal Plain region of Alaska's North Slope, as directed by the Tax Cuts and Jobs Act of 2017. It also includes \$1.19 million for an initiative to centralize program operations in the New Mexico Reservoir. Additionally, the request includes funding to update Resource Management Plans in Alaska and New Mexico and improve data collection needed to expedite oil and gas permitting.

Coal remains one of the largest sources of energy in the United States, producing 31 percent of the nation's electricity in 2017. Significantly, 42.7 percent of coal production is

¹⁵ Fiscal Year 2019 Interior Budget in Brief, February 2018, at BH-11, https://edit.doi.gov/sites/doi.gov/files/uploads/fy2019_bib_bh007.pdf.

¹⁶ *Id.* At 12.

¹⁷ United States Department of the Interior: Bureau of Land Management, 2019 Budget In Brief (2018). BH-7 (https://edit.doi.gov/sites/doi.gov/files/uploads/fy2019_bib_bh007.pdf, accessed March 5, 2018)

¹⁸ *Id.*

produced on Federal lands, making BLM one of the most important departments in the management and regulation of coal.¹⁹ The FY2019 budget request provides a net increase of \$8.7 million for coal management procedures at BLM, particularly to improve the efficiency and efficacy of the leasing, permitting, and inspection processes. Funding for the BLM also includes \$12.2 million for the management of nonfuel leasable minerals, an increase of \$1.2 million from the previous year.²⁰ This program focuses on expediting permit approvals, updating price evaluations, and oversight of project operations and verifications.

The FY2019 budget request includes \$16 million for the Renewable Energy Management Program, a \$12.8 million reduction from FY2018, reflecting anticipated project requirements in FY2019.²¹ BLM anticipates approving 1400 MW of solar power in California and 600 MW of wind power in Nevada and New Mexico, in addition to potential new projects.²²

Wild Horse and Burro Management

The FY2019 budget requests \$66.7 million (a decrease of \$13.3 million from FY2018) and includes policy recommendations to reduce the increasing costs of the Wild Horse and Burro Program and provides BLM with greater flexibility when managing the program. The budget proposes removing language restricting the ability of the agency to use all the management tools authorized under the Wild Free-Roaming Horse and Burro Act of 1971 and provides language to facilitate the efficient transfer of animals to local, State, or other Federal agencies.²³

Forestry

As part of the budget consolidation exercise, BLM proposes to consolidate five current natural resource management subactivities into a single O&C budget activity. The budget proposes \$82.2 million, estimating an offering of 205 million board feet of timber in 2020 through a combination of Allowable Sale Quantity (ASQ) and non-ASQ timber sales²⁴.

Land Acquisition

The FY2019 budget supports managing existing lands and resources, as opposed to new land acquisition, by requesting \$3.4 million in new appropriations for the Land Acquisition account for limited acquisition activities. The budget also proposes to cancel \$10 million in prior year balances, for a FY2019 decreased request of \$6.6 million.²⁵

¹⁹ Fiscal Year 2019 Bureau of Land Management Budget Request, February 2018, at VI-9, https://www.doi.gov/sites/doi.gov/files/uploads/fy2019_blm_budget_justification.pdf.

²⁰ *Id.* at VI-97.

²¹ *Id.* at VI-101.

²² *Id.*

²³ *Ibid.* BH-9

²⁴ *Ibid.* BH-9

²⁵ *Ibid.* BH-10

Bureau of Ocean Energy Management (BOEM)

FY2018 CR	\$168.4 million
FY2019 President's Request	\$179.3 million²⁶

The FY2019 budget requests for BOEM a total of \$179.3 million, including \$129.5 million in current appropriations and \$49.8 million in offsets from offshore energy rental receipts and other cost recoveries.²⁷ Of this request, \$61.8 million is proposed for conventional energy development, including oil and gas leasing, plan administration, economic analysis, and resource evaluation.²⁸ Nine point four million dollars is requested for the development of the 2019-2024 National OCS Oil and Gas Leasing Program, \$9.4 million is requested to conduct all required environmental analyses and for stakeholder engagement. As of January 2018, BOEM managed 2,873 active oil and gas leases on over 15.2 million OCS acres. During FY2017, these leases generated \$3.5 billion in revenue.²⁹

Through the Energy Policy Act of 2005, DOI is authorized to conduct evaluations and lease sales on the OCS for the purposes of renewable energy development. As of January 2018, BOEM has issued 13 commercial wind leases along the Atlantic Coast, and is identifying potential lease sales offshore Hawaii and California.³⁰ The FY2019 budget requests \$20.7 million for the furtherance of these activities. These funds will be used for evaluating the siting and construction of offshore wind farms, as well as analyses of wave and current energy generating technologies.

BOEM's conventional and renewable energy programs both require full environmental analyses; DOI requests \$79.8 million to fund the Bureau's Environmental Programs.³¹ These funds will support scientific research required to inform all policy decisions, and will be used specifically for the furtherance of programmatic environmental analyses, outreach and coordination with stakeholders, and comment review and analysis, among other related activities.

The budget also requests \$17 million for Executive Direction, including bureau-wide leadership, management, coordination, outreach, and regulatory development.

Bureau of Reclamation (BOR)

FY2018 CR	\$1.25 billion
FY2019 President's Request	\$987 million

The FY2019 budget request for BOR is \$987 million, a decrease of \$260,864 from FY 2018. In addition, the budget includes support for a legislative proposal to facilitate the transfer

²⁶ Fiscal Year 2019 Bureau of Ocean Energy Management Budget Request, February 2018, at 9, https://www.doi.gov/sites/doi.gov/files/uploads/fy2019_boem_budget_justification.pdf.

²⁷ *Id.*

²⁸ *Id.* at 25.

²⁹ *Id.* at 12.

³⁰ *Id.* at 3.

³¹ *Id.* at 87.

of certain Reclamation projects and facilities to local water users. Much of BOR's funding is contained within the Water and Related Resources account (FY2019 \$891 million).

Included in this main account are the following sub-accounts:³²

- Water and Energy Management and Development (\$252.9 million)
- Land Management and Development (\$44.3 million)
- Fish and Wildlife Management and Development (\$149.7 million)
- Facility Operations (\$295.8 million)
- Facility Maintenance and Rehabilitation (\$148.3 million)
- The Indian Water Rights Settlements Account (\$129.6 million).³³

Other main accounts under the FY2019 proposed budget include:

- \$61 million for Policy and Administration³⁴ (mainly for staff in Denver and Washington, DC headquarters)
- \$62 million for the Central Valley Project Restoration Fund³⁵ (California)
- \$35 million for CALFED³⁶ (California)

Water Resources

The FY2019 budget requests \$164.9 million for this mission area, a reduction of \$48.37 million and 241 FTEs from FY2018. The cuts to the mission area are made to the Water Availability and Use Science Program, Groundwater and Streamflow Information Program, and the National Water Quality Program. The budget proposes to eliminate the Water Resources Research Act Program.³⁷

Bureau of Safety and Environmental Enforcement (BSEE)

FY2018 CR	\$178.3 million
FY2019 President's Request	\$200 million³⁸

The FY2019 budget requests a total of \$199.9 million for BSEE, including \$132.1 million in current appropriations, and \$67.9 million in offsetting collections from rental receipts, cost recoveries, and inspection fees.³⁹

The budget requests \$187.2 million for the Offshore Safety and Environmental Enforcement Programs. This amount is comprised of \$119.4 million in appropriated funds, and assumes offsetting rental receipt and cost recovery collections of \$24.1 million, as well as

³² Bureau of Reclamation FY2019 Budget Justification at Water and Related Resources - 2

³³ Bureau of Reclamation FY2019 Budget Justification at Water and Related Resources - 13

³⁴ Bureau of Reclamation FY2019 Budget Justification at General Statement - 13

³⁵ Bureau of Reclamation FY2019 Budget Justification at General Statement - 13

³⁶ Bureau of Reclamation FY2019 Budget Justification at General Statement - 13

³⁷ U.S. Geological Survey FY2019 Budget Justification - 79

³⁸ Fiscal Year 2019 Bureau of Safety and Environmental Enforcement, February 2018, at 3, https://www.doi.gov/sites/doi.gov/files/uploads/fy2019_bsee_budget_justification.pdf.

³⁹ *Id.*

inspection fee collection of \$43.8 million.⁴⁰ This program ensures that BSEE continues to improve its oversight, regulatory, and research capabilities on the OCS.

DOI also proposes to transfer \$3.5 million in decommissioning activities from the Environmental Enforcement fund to the Operations, Safety, and Regulation account through the budget.⁴¹ The purpose of this transfer is to increase the role of BSEE inspectors in verifying environmental compliance activities in the field, as well as the engineering assessments required for plugging and abandonment of wells during the decommissioning process.

This budget also requests \$12.7 million for Oil Spill Research.⁴² The Oil Spill Research program supports the research and prevention of offshore oil spills and leaks, and evaluates methods to prevent or mitigate such spills. This request will support key research initiatives, including advancing spill response technology in deepwater and Arctic conditions.

U.S. Fish and Wildlife Service (FWS)

FY2018 CR	\$2.945 million
FY2019 President's Request	\$2.792 million⁴³

The FY2019 request for FWS totals \$2.792 billion and focuses on creating a conservation stewardship legacy, sustainable development, generating revenue and utilizing our natural resources, restoring the federal government as a good neighbor and modernizing FWS infrastructure.

The request includes \$135.5 million for refuge facility and equipment maintenance. The budget prioritizes maintenance of FWS-owned facilities and infrastructure such as water control structures and administrative facilities. The budget also prioritizes projects to ensure the safety of FWS employees and visitors and supporting and promoting access. According to the FWS, the FY2019 requested funding levels will allow FWS to complete over 120 of the highest priority deferred maintenance projects.⁴⁴

U.S. Geological Survey (USGS)

FY2018 CR	\$1.08 billion
FY2019 President's Request	\$860 million⁴⁵

The FY2019 budget request for the USGS focuses on supporting energy and mineral independence and security, understanding the distribution of critical minerals in the U.S., and continuing funding for Landsat satellite mapping. The budget also proposes a reorganization of

⁴⁰ *Id.*

⁴¹ *Id.* at 23.

⁴² *Id.* at 57.

⁴³ Budget Justifications for Fiscal Year 2019, Fish and Wildlife Service
<https://www.fws.gov/budget/2019/FY2019%20FWS%20Budget%20Justification.pdf>

⁴⁴ *Ibid* 77

⁴⁵ Fiscal Year 2019 U.S. Geological Survey, February 2018, at 9,
https://www.doi.gov/sites/doi.gov/files/uploads/fy2019_usgs_budget_justification.pdf.

the Land Resources programs into three subcategories: National Land Imaging Program, Land Change Science Program, and National and Regional Climate Adaptation Science Centers.

The total budget request for USGS is \$859.7 million.⁴⁶ This is a net decrease of \$218.1 million from FY2018, although some individual programs have been allocated more funds than in the previous year. Notably, \$84.1 million is directed toward Energy and Mineral Resources programs, a net increase of \$11.5 million.⁴⁷ Mineral Resources programs conduct research on various nonfuel mineral resources; special attention is given to critical minerals, materials used in a large variety of fields with few viable substitutes. USGS also composes annual mineral commodity summaries, which analyze domestic nonfuel mineral potential, production, and consumption, and shows breakdowns of international trends. To support data and development of these valuable domestic resources, the budget requests \$58.2 million for Mineral Resources programs, an increase of \$10.6 million from FY2018.⁴⁸

Additionally, \$25.9 million is included for the USGS Energy Resources Program, the only provider of publicly available estimates of the nation's geological energy resources. This program studies geological reserves of oil, natural gas, coal, methane, gas hydrates, geothermal resources, and uranium, and analyzes the potential of technically recoverable reserves in the U.S. The budget request for this program is a net increase of \$1.2 million from FY2018.⁴⁹

The budget also requests \$103.2 million for Land Resources programs, which provide science on land adaptation, resource allocation, and planning for drought, flooding, wildfires, and changes in land use.⁵⁰ Seventy-five point five million dollars is dedicated to the National Land Imaging program, which primarily focuses on the Landsat 9 ground and flight systems, a sophisticated land-mapping satellite set to launch in FY2021.

National Park Service (NPS)

FY2018 CR	\$2.9 billion
FY2019 President's Request	\$2.7 billion

The FY2019 budget request for NPS is \$2.6 billion, a decrease of \$193.9 million from FY 2018. The budget also proposes \$789.4 million in mandatory spending, an increase of \$81.2 million from FY2018. NPS estimates that funding in the FY2019 request would support 17,685 FTE, a decrease of 1,835 FTEs from FY2018. The budget provides \$0.9 million to support the Department's reorganization to common regional boundaries to improve service and efficiency.
51

⁴⁶ *Id.* at 9.

⁴⁷ *Id.* at 49.

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.* at 37.

⁵¹ Fiscal Year 2019 The Interior Budget in Brief, February 2018., p. BH-74

Infrastructure, Construction, and Deferred Maintenance

In addition to proposing the creation of the Public Lands Infrastructure Fund, which will provide up to \$18 billion for infrastructure overseen by DOI, the FY2019 budget requests \$241.3 million in discretionary appropriations for construction projects. This includes management, planning, and operations, with \$157 million for line-item deferred maintenance projects. The FY2019 line item construction list includes only the most critical projects and does not propose funding any new facility construction.⁵²

The budget totals \$666.3 million for NPS facility operations and maintenance, including \$99.5 million for repair and rehabilitation projects, which address the maintenance backlog, as well as \$112 million for cyclic maintenance so projects do not become deferred.⁵³

The permanent funding of the Recreation Fee Program provides revenue for deferred maintenance as well. The NPS estimates it will collect \$312.4 million in recreation fees in FY2019, of which 55 percent will be allocated to deferred maintenance by agency policy. The FY2019 budget proposes language to extend the program through September 30, 2021, as well as a separate legislative proposal to permanently authorize the program.⁵⁴

Centennial Challenge

The budget estimates the balance of the Centennial Challenge Fund will be \$15 million in FY2019. These federal funds must be matched on least a 50/50 basis, and will be leveraged for a total of at least \$30 million for NPS projects. The budget does not request discretionary funding for this fund in FY2019.⁵⁵

Core Mission

The FY2019 budget prioritizes NPS core operations and emphasizes taking care of what it already owns. The budget reduces funding for land acquisition and identifies savings for support, including grants, programs and areas outside the national park system.⁵⁶

Land Acquisition and State Assistance:	\$162.1 million in savings
National Recreation and Preservation:	\$30 million in savings
Historic Preservation Fund:	\$47.7 million in savings

⁵² Id., p. BH-71

⁵³ Id., p. BH-72

⁵⁴ Id., p. BH-73

⁵⁵ Id., p. BH-72

⁵⁶ Id., p. BH-72–74

Office of Insular Affairs (OIA)

FY2018 CR	\$628.65 million
FY2019 President's Request	\$719 million⁵⁷

The budget for OIA for FY2019 is \$719 million, an increase of \$90.3 million from FY2018. The budget request increase includes a transfer of \$111 million from the Department of Defense (DoD) to the Department of the Interior for the full funding of the Palau Compact authorized in the FY2018 National Defense Authorization Act (Public Law 115-91).⁵⁸ However, before considering the transfer of funds from the DoD, the budget request is \$608 million, a decrease of \$20.6 million from FY2018. The request for discretionary assistance is \$84.1 million, a decrease of \$23.7 million below FY2018. Permanent spending commitments include \$302 million for fiscal payments to Guam and the U.S. Virgin Islands, and \$221.9 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, 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); and General Technical Assistance (\$14.67 million).

The total current mandatory Compact of Free Association⁵⁹ funding request is \$3.11 million, a decrease of \$13.24 million. The decrease is attributed to moving funding for the extension of the Palau Compact from discretionary to mandatory. Instead of continuing the temporary extension for Palau Compact, the budget proposes \$111 million in discretionary DoD appropriations as a transfer to DOI to support enactment of the 2010 Compact Review Agreement with Palau. These funds are provided to assist the Government of Palau in its efforts to advance the well-being of its people and in recognition of the special relationship that exists between the United States and Palau, its importance as an ally and a key part of the nation's Asia-Pacific national security strategy.

The total permanent proposal is \$520.81 million which includes \$221.93 million for Compact of Free Association funding for:

- Marshall Islands (\$78.22 million, increase of \$1.27 million)
- Federated States of Micronesia (\$113.34 million, increase of \$1.84 million)
- Compact Impact (\$30 million, no change from previous fiscal year)
- Judicial Training (\$367,000, increase of \$6,000)

⁵⁷ Budget Justifications for Fiscal Year 2019, Office of Insular Affairs

<https://www.doi.gov/sites/doi.gov/files/uploads/oia-2019-greenbook-master.pdf>

⁵⁸ Section 1259c.

⁵⁹ 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 remaining \$302 million in mandatory appropriations are fiscal payments which reimburse the U.S. Virgin Islands for federal excise taxes collected on rum sales (\$224 million) and reimbursement to Guam for the income taxes collected from federal employees and military personnel residing in Guam (\$78 million).

Office of the Special Trustee for American Indians (OST)

FY2018 CR	\$138.10 million
FY2019 President’s Request	\$107.10 million⁶⁰

The FY2019 budget requests \$107.1 million for the OST. 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. The 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 3,500 trust accounts for the benefit of more than 250 Indian tribes and approximately 400,000 open Individual Indian Money accounts 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.

Program Operations and Support

Consistent with the Indian Trust Asset Reform Act, the FY2019 OST budget includes the transfer of the Office of Appraisal Services to the Office of the Secretary’s Appraisal and Valuation Services. This will allow for the consolidation of all appraisal services into a single entity under the Office of the Secretary as required by the Indian Trust Asset Reform Act. Further, the request includes a reduction to Trust Services, as OST will be modernizing the trust fund accounting services and information will become more readily available to Trust account holders using online and mobile reporting, which will reduce the call load, resulting in savings.

Navajo and Hopi Program Office

The FY2019 budget also includes \$3 million to establish the Navajo and Hopi Program Office within OST. The budget proposes to transfer all land management activities for lands administered by the Office of Navajo-Hopi Indian Relation (ONHIR) to a new office within OST. This transfer is the first stage of the closeout of ONHIR, an independent agency dedicated to overseeing a land settlement between the Navajo Nation and the Hopi Tribe of Arizona.

⁶⁰ Budget Justifications for Fiscal Year 2019, Office of Special Trustee for American Indians, OST-3.

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

FY2018 CR	\$883.8 million
FY2019 President's Request	\$787.2 million⁶¹

The budget request for OSM in FY2019 is \$121.7 million.⁶² This is a net decrease of \$129.8 from FY2018. The request eliminates funding for the AML Economic Development Grants pilot program and reduces funding for State and tribal regulatory grants from approximately \$68.1 million to \$52.4 million.⁶³

In addition, OSM also would have permanent funding in FY2019 of \$665.4 million, an increase of \$33.2 million. Combining the current budget request and the permanent funding level, OSM would receive total funding of \$787.1 million in FY2019, a net decrease of \$96.6 million from FY2018.

⁶¹ Fiscal Year 2019 Office of Surface Mining Reclamation and Enforcement, February 2018, at 6, https://www.doi.gov/sites/doi.gov/files/uploads/fy2019_osmre_budget_justification.pdf.

⁶² *Id.*

⁶³ *Id.* at 12.