

Subcommittee on Water, Power and Oceans

John Fleming, Chairman

Hearing Memorandum

March 18, 2016

To: All Subcommittee on Water, Power and Oceans Members

From: Republican Staff, Subcommittee on Water, Power and Oceans (x5-8331)

Hearing: Oversight hearing entitled “*Examining the Missions and Impacts of the President’s Proposed Fiscal Year 2017 Budget of the U.S. Fish and Wildlife Service, the National Oceanic and Atmospheric Administration, the Bureau of Reclamation and the Power Marketing Administrations.*”

The Subcommittee on Water, Power and Oceans will hold a budget oversight hearing on the President’s Fiscal Year 2017 (FY17) budget requests and other spending for the U.S. Fish and Wildlife Service (FWS), the National Oceanic and Atmospheric Administration (NOAA), the Bureau of Reclamation and the Power Marketing Administrations (PMAs). The hearing will take place on **March 22, 2016 at 2:00 p.m. in 1324 Longworth**, and will consist of one federal agency panel.

Policy Overview

- Our nation’s multi-purpose water storage and conveyance projects have provided benefits to the American people for generations. Water deliveries and hydropower generation from these facilities are being curtailed due to drought, litigation, and federal regulation.
- Parts of the West are suffering from historic drought. Communities in some parts of California are bracing for another year of zero water deliveries. There are a host of factors, including conservation, operating efficiencies and new storage that can help alleviate this situation.
- With our national debt currently exceeding *\$19 trillion*, the Obama Administration’s budget for the Department of the Interior, which includes **\$3.03 billion** for the FWS, continues a disappointing trend of increased federal spending. This lack of fiscal awareness is further illustrated by the **\$6.05 billion** requested for NOAA, an increase of \$60 million increase over FY 2016 funding.¹
- The Administration’s proposal for NOAA generally focuses too much on satellites, atmospheric and regulatory programs, while generally failing to produce adequate data and science important to the sustainability of 469 fish stocks that support both commercial and recreational fisheries in the U.S. Fishery surveys and other basic fisheries research, in addition to stock assessments, continue to be lower priorities in the Administration’s budget request.

¹ [National Oceanic and Atmospheric Administration FY 2017 Budget Justification - vii](#)

Witnesses (listed in alphabetical order):

Ms. Claudia Andrews
Chief Operating Officer
Bonneville Power Administration
Portland, Oregon

Mr. Mark Gabriel
Administrator
Western Area Power Administration
Lakewood, Colorado

Mr. Jim Kurth
Deputy Director of U.S. Fish and Wildlife Service
U.S. Department of the Interior
Washington, DC

Mr. Estevan Lopez
Commissioner
U.S. Bureau of Reclamation
U.S. Department of the Interior
Washington, DC

Ms. Eileen Sobeck
Assistant Administrator for Fisheries
National Oceanic and Atmospheric Administration
U.S. Department of Commerce
Silver Spring, Maryland

Background:

Bureau of Reclamation, Department of the Interior:

FY16 President's Request (Net current authority)	\$1.05 Billion
FY16 Enacted	\$1.22 Billion
FY17 President's Request	\$1.05 Billion

Throughout much of the last century, the U.S. Bureau of Reclamation's (Reclamation) projects played a significant role in the settlement of the West by providing a reliable source of water and power for irrigated agriculture and rural and urban communities. Specifically, Reclamation projects have allowed for the storage capacity of over 245 million acre-feet of water to assist in flood control, recreation, agricultural irrigation, and municipal and industrial use for millions of Americans.² Reclamation's reservoirs and dams generate enough emissions-free

² Bureau of Reclamation FY17 Budget Justification at Water and Related Resources - 1

electricity to serve at least 3.5 million homes annually.³ This is accomplished through the operation of 53 hydroelectric power plants that annually produced, on average, 40 billion kilowatt-hours for the last 10 years.⁴ It would take approximately 23.5 million barrels of crude oil or 6.8 million tons of coal to produce an equal amount of electricity.⁵

Map of Reclamation Regions



Source: U.S. Bureau of Reclamation

The federal government provided the initial capital contribution to build the vast majority of these early projects, however, the water and power customers who benefitted from the facilities entered into long-term contracts with the federal government to repay their part of the initial taxpayer investment. Reclamation’s overall proposed budget envisions 5,456 full time equivalents (FTEs),⁶ an increase of 2 FTEs from last year and an increase of 176 FTEs over five years.⁷

The Administration’s Reclamation Budget Proposal

Serving as Reclamation’s principal operating account, the Water and Related Resources Account is proposed at \$813.4 million, a decrease from the FY16 enacted level of \$971.5 million (primarily due to cost shifting as detailed below).⁸ Of this amount, the following sub-programs are proposed:

WaterSMART Program – As authorized under Secretarial Order 3297 in February 2010 and P.L. 111-11, this program includes grants designed to encourage water conservation.⁹ The grants

³ Id.

⁴ Id.

⁵ Id.

⁶ Department of the Interior FY17 Budget Justification at Appendix K

⁷ <https://www.doi.gov/sites/doi.gov/files/migrated/budget/appropriations/2014/highlights/upload/O001.pdf>, at O-1

⁸ Bureau of Reclamation FY17 Budget Justification at Water and Related Resources - 2

⁹ Bureau of Reclamation FY17 Budget Justification at Bureauwides- 62

require local cost-sharing, however the grants do not require recipient repayment.¹⁰ Reclamation proposes to fund WaterSMART at \$61.5 million.¹¹ The FY17 budget requests Congress to raise the authorized spending level of WaterSMART from the current \$350 million to \$400 million.¹²

Rural Water Projects – The proposed budget includes \$38.1 million for rural water projects, \$18.6 million of which would be for operation and maintenance of completed tribal systems and the remaining \$19.5 million is for continued construction for authorized projects.¹³ Reclamation’s rural water supply program is currently operating under the authorities of P.L. 109-451, which established a program to assess potable water supply needs and to identify options to address those needs through appraisal investigations and feasibility studies.¹⁴

Dam Safety Program - A total of \$86.1 million is provided for Reclamation’s Safety of Dams Program, which includes \$64.5 million to correct identified safety issues.

Ecosystem Restoration/Climate Adaptation/Endangered Species Activities – The budget proposes \$27.3 million for Endangered Species Act Recovery Implementation programs including \$19.9 million in the Great Plains Region to implement the Platte River Endangered Species Recovery Implementation program,¹⁵ and \$11.8 million for the Trinity River Restoration Program.¹⁶

Account Shifting: The proposed budget shifts \$106.2 million from the Water and Related Resources account to establish a separate Indian Water Rights Settlement Account and \$36 million for a separate account within the San Joaquin River Restoration Fund.¹⁷

Accounts outside of the Water and Related Resources budget include:

California Bay-Delta Restoration: The FY17 budget provides \$36 million for this program, which according to Reclamation, focuses on conserving and restoring the health of the ecosystem and improving water management and supplies.¹⁸ Much of California is experiencing its fourth consecutive year of drought. Some water users south of the Bay-Delta have expressed concerns that for the third consecutive year they will receive zero percent of their allocated water from the federal Central Valley Project.¹⁹ Various Republican congressional legislative responses over the past three Congresses to this ongoing situation have focused on short term operational changes related to the State and federal pumps, and long-term solutions such as more surface storage for water. Most recently, H.R. 2898, the “*Western Water and American Food Security*

¹⁰ <http://www.usbr.gov/WaterSMART/grants.html>

¹¹ Bureau of Reclamation FY17 Budget Justification at Bureauwides- 64

¹² Bureau of Reclamation FY17 Budget Justification at Bureauwides - 63

¹³ Bureau of Reclamation FY17 Budget Justification at Water and Related Resources – 8-9

¹⁴ <http://www.usbr.gov/ruralwater/>

¹⁵ Bureau of Reclamation FY17 Budget Justification at Water and Related Resources- 7

¹⁶ Bureau of Reclamation FY 17 Budget Justification at Mid Pacific- 58

¹⁷ Bureau of Reclamation FY17 Budget Justification at General Statement- 16

¹⁸ Bureau of Reclamation FY17 Budget Justification at Bay-Delta - 2

¹⁹ Testimony of Westlands Water District General Manager Thomas Birmingham, before the House Water, Power and Oceans Subcommittee, February 24, 2016, at 3.

Act of 2015,” was passed by the Natural Resources Committee and subsequently by the House last year.²⁰ Reclamation’s proposed budget includes \$620,000 to continue two storage feasibility studies (Los Vaqueros and Sites) in California.²¹

Policy and Administration: The account that finances Reclamation’s central and regional management functions is proposed at \$59 million.²²

Central Utah Project Completion Act (CUPCA): The FY17 budget request is \$5.6 million, a decrease of \$4.4 million from the 2016 enacted level.²³ This account is managed by the Department of the Interior, not Reclamation.

Power Marketing Administrations (PMAs), Department of Energy:

General Background

Each PMA markets and delivers (via transmission lines) electricity generated at federal dams and reservoirs operated by Reclamation and the U.S. Army Corps of Engineers (Corps).²⁴ See map below for each PMA service territory. Hydropower generated at these facilities, particularly in the western United States, is first used to provide electricity to operate irrigation pumps.²⁵ Any excess power is then primarily sold by the PMAs to preference customers, which, by federal statute, are non-profit rural electric cooperatives, public utility districts, Indian tribes, municipalities, and some irrigation districts.²⁶

Under numerous authorizing statutes, preference power is sold at cost-of-service based wholesale rates, which are designed to repay the federal capital investment (plus interest) in federal electricity generation and transmission facilities, annual operation and maintenance of such facilities and federal staffing.²⁷ The rate structures are followed pursuant to 20 to 50 year contracts the wholesale customers enter into with the federal government. Rates also include the costs of environmental mandates and replacement power services resulting from these mandates. With a few exceptions over the years, the PMA budgets are designed to be financed 100% by ratepayers, as all initial appropriations are reimbursed.²⁸

²⁰ <https://www.gpo.gov/fdsys/pkg/BILLS-114hr2898eh/pdf/BILLS-114hr2898eh.pdf>

²¹ Bureau of Reclamation FY17 Budget Justification at Bay-Delta 6

²² Bureau of Reclamation FY17 Budget Justification at Policy and Administration - 2

²³ Central Utah Project Completion Act FY17 Budget Justification at Central Utah Project Completion Act - 8

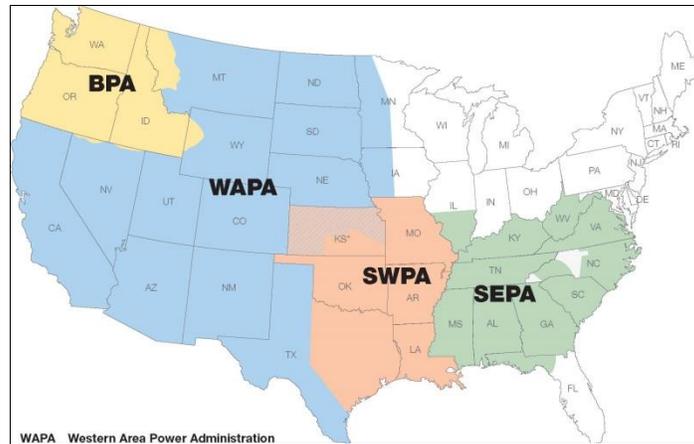
²⁴ Bracmort, Kelsi. “Hydropower: Federal and Nonfederal Investment.” 22 January 2013. R42579. Pg. 9

²⁵ *Id.* at 1

²⁶ Submitted Testimony of Mr. Victor S. Rezendes, Director, Energy, Resources, and Science Issues, Resources Community and Economic Development Division, U.S. General Accounting Office, before the House Subcommittee on Water and Power, note 5. Released June 24, 1999.

²⁷ Testimony of Mr. Mark Crisson, President & CEO, American Public Power Association “Increased Electricity Costs for American Families and Small Businesses: The Potential Impacts of the Chu Memorandum” before the House Natural Resources Committee, April 26, 2012 at 2.

²⁸ *Id.*



WAPA Western Area Power Administration
 Source: Department of Energy

Highlights of the Western Area Power Administration (Western) Budget Request (focused on net budget authority):

FY16 President’s Request	\$70.6 Million
FY16 Enacted	\$70.6 Million
FY17 President’s Request	\$72.8 Million

Western, created in 1977, markets and delivers an average of 10,000 megawatts of hydroelectricity produced at Reclamation and Corps dams.²⁹ Western serves about 700 wholesale customers over 1.3 million square miles in Arizona, California, Colorado, Iowa, Kansas, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Texas, Utah and Wyoming through a 17,000-mile federal transmission system.³⁰ These wholesale customers, in turn, supply 50 million retail customers.³¹ Western is financed by annual customer funding and advance payments and appropriations, which are then reimbursed with interest through customer contractual repayment obligations.

Western’s base program is funded through three main appropriation accounts: the Construction, Rehabilitation, Operation and Maintenance Account (CROM), the Falcon and Amistad Operating and Maintenance Fund, and the Colorado River Basins Power Marketing Fund. Each is funded through a combination of advance customer funding, alternative financing and appropriations.³² Within CROM, a “Program Direction” subaccount is geared towards staffing, financial systems and new security standards. The FY17 budget proposes 1,521 FTEs,

²⁹ <https://www.wapa.gov/about/Pages/about.aspx>

³⁰ <https://www.wapa.gov/newsroom/Publications/Documents/HowWesternDoesBusiness.pdf>

³¹ *Id.* at 1

³² Department of Energy FY17 Congressional Budget Request -- Power Marketing Administrations. Western Area Power Administration at 65-66

an increase of 52 FTEs from last year³³ and **an increase of 113 FTEs over five years** within this account.³⁴

While Western’s historic core mission has been to provide hydropower to its customers, the agency has ventured into new arenas. For example, Section 402 of the American Reinvestment and Recovery Act (P.L. 111-5) provided Western with up to \$3.25 billion in borrowing authority to integrate renewable power developed primarily by third parties.³⁵ The program’s proponents maintain that the borrowing authority’s loans to wind and solar providers will speed up renewable energy integration since more funding will be available.³⁶

However, the loan program has been plagued by controversy, beginning with a provision viewed as a potential taxpayer bailout if a project fails (emphasis added): *“If, at the end of the useful life of a project, there is a remaining balance owed to the Treasury under this section, the balance shall be forgiven.”*³⁷ The Department of Energy’s Inspector General issued a “Management Alert” on November 4, 2011 indicating that “Western had not implemented the necessary safeguards to ensure its commitment of funding was optimally protected” on its first project.³⁸ Western has since maintained that it has improved the program. The agency has two projects currently using the borrowing authority for a total of \$116 million in loan authority obligated and proposes to use an additional \$800 million of this borrowing authority in FY17 for up to three eligible projects.³⁹

Highlights of the Bonneville Power Administration (Bonneville) Budget Request:

FY16 President’s Request	\$4.31 Billion
FY16 Enacted	\$4.24 Billion
FY17 President’s Request	\$4.32 Billion

Bonneville, created in 1937, markets and delivers wholesale electrical hydropower generated at 31 Reclamation and Corps facilities (known as the Federal Columbia River Power System or FCRPS) to wholesale customers in Oregon, Washington and parts of Idaho, Montana, Wyoming and Nevada with a population of about 12.9 million people.⁴⁰ Bonneville, which also receives and markets an average of 1,000 megawatts of nuclear energy, serves 142 municipal, rural electric, public utility districts, investor-owned utilities and some energy-intensive industries over 300,000 square mile area in the Pacific Northwest.⁴¹ Bonneville has a large

³³ Department of Energy FY17 Congressional Budget Request -- Power Marketing Administrations. Western Area Power Administration at 67

³⁴ Department of Energy, FY14 Congressional Budget Request- Power Marketing Administrations, Western Area Power Administration at WAPA-31

³⁵ Pub. L. 111-5

³⁶ *supra*, note 29 at 11.

³⁷ P.L. 111-5, Section 402

³⁸ Management Alert, Western Area Power Administration's Control and Administration of American Recovery and Reinvestment Act Borrowing Authority at 3

³⁹ Western Area Power Administration FY 2017 Congressional Budget at 105

⁴⁰ <https://www.bpa.gov/Finance/FinancialInformation/AnnualReports/Documents/AR2015.pdf>, at 2

⁴¹ <http://www.bpa.gov/news/pubs/GeneralPublications/gi-BPA-Facts.pdf>

impact on the region's electricity market, providing nearly a third of the region's electricity sales and almost three-fourths of its transmission capacity.⁴² The agency also sells a significant amount of "surplus" energy to California utilities in some water years.

Bonneville does not rely on federal appropriations for budget authority since the agency has a self-financing revolving fund using ratepayer revenues.⁴³ Bonneville's annual revenues vary, depending on hydrologic conditions, electricity prices, environmental regulations and other factors. Bonneville estimates that its overall FY17 budget obligations will be \$4.3 billion, all of which will be repaid by ratepayers.⁴⁴ The agency's expenses include operational and capital costs including power purchases, staffing, infrastructure costs and environmental expenditures (Endangered Species Act compliance, etc.) among other things. The agency has proposed 3,100 FTEs,⁴⁵ which is equal to last year's level and an increase of 63 FTEs over five years.⁴⁶

Many of Bonneville's customers are concerned about the status of the Columbia River Treaty (CRT), which was signed by the U.S. and Canada in 1964. The CRT governs the development and operation of dams in the upper Columbia basin for power and flood control benefits in both countries. Each country can give the other a ten-year notice termination, beginning in 2014.⁴⁷ The U.S Government reached consensus on a high level position for negotiations of the Treaty in June 2015, and a lead negotiator was selected by the State Department in August 2015.⁴⁸ Various interests have different positions on the CRT, and Bonneville's Administrator will likely discuss the CRT at the hearing.

Highlights of the Southwestern (Southwestern) and Southeastern (Southeastern) Power Administrations (Southwestern) Budget Request:

Southwestern, created in 1943 to market and deliver an average of 2,174 megawatts of peak electricity produced at 24 Corps dams, sells power to over one hundred customers in Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas.⁴⁹ These wholesale customers, in turn, supply nearly nine million retail customers.⁵⁰ Southwestern operates and maintains 1,380 miles of high-voltage transmission lines and primarily provides peaking power (power provided at peak times of the day) to its customers.⁵¹ Southwestern's FY17 budget request assumes \$11.1

⁴² Id.

⁴³ Department of the Energy FY17 Congressional Budget Request, Power Marketing Administrations. Bonneville Power Administration at 126.

⁴⁴ Id.

⁴⁵ Department of the Energy FY17 Congressional Budget Request, Power Marketing Administrations. Bonneville Power Administration at 127.

⁴⁶ Department of Energy FY17 Congressional Budget Request -- Power Marketing Administrations. Bonneville Power Administration at BPA-3

⁴⁷ <http://www.crt2014-2024review.gov/Files/Columbia%20River%20Treaty%20Review%20-%20Purpose%20and%20Future%20Fact%20Sheet-FOR%20PRINT.PDF>

⁴⁸ Department of Energy FY17 Congressional Budget Request, Power Marketing Administration, at 131

⁴⁹ http://www.swpa.gov/PDFs/ARs/SWPA_FY2014_annual_report.pdf, at 5.

⁵⁰ Department of the Energy FY17 Congressional Budget Request,, Power Management Administrations. Southwestern Power Administration-at 27.

⁵¹ Id.

million in appropriations authority generally for transmission construction.⁵² This amount would be reimbursed by the agency’s power customers. The budget proposal requests 194 FTEs,⁵³ which is level with last year and an increase of 20 FTEs over five years.⁵⁴ Additionally, Southwestern’s FY17 budget request includes a proposal for the creation of a special receipt/disbursement account known as the Purchase Power Drought Fund.⁵⁵ This fund would allow Southwestern to pre-collect funds through power rates to offset rate spikes caused by droughts.⁵⁶ Southwestern’s customers have voiced support for this proposal.

Southeastern, created in 1950, delivers electricity produced at 22 Corps hydroelectric projects.⁵⁷ The agency sells wholesale peaking power to 293 public bodies, 199 rural electric cooperatives, and one investor-owned utility in Florida, Georgia, South Carolina, North Carolina, Tennessee, Alabama, Mississippi, Virginia, West Virginia, Kentucky and Illinois.⁵⁸ These wholesale customers, in turn, supply thirteen million retail customers.⁵⁹ Southeastern does not own transmission lines and depends on arrangements with third parties to deliver federal electricity.⁶⁰ Southeastern’s FY17 budget request does not request any federal appropriations, primarily because it does not own transmission. Southeastern’s proposed 44 FTEs which has remained level over five years.⁶¹

Highlights of the National Oceanic and Atmospheric Administration’s (NOAA) Budget Request:

FY16 President’s Request	\$6.18 Billion
FY16 Enacted	\$5.99 Billion
FY17 President’s Request	\$6.05 Billion

NOAA is comprised of six line offices that oversee parts of the oceans and atmosphere – ranging in jurisdiction from weather observation to management of our nation’s federal fisheries. The President’s FY17 budget request for NOAA is \$6.05 billion, a 1 percent increase (\$60

⁵² Id.

⁵³ Department of the Energy FY17 Congressional Budget Request, Power Management Administrations. Southwestern Power Administration-at 30

⁵⁴ Department of the Energy FY14 Congressional Budget Request, Power Management Administrations. Southwestern -at SWPA=23

⁵⁵ Department of the Energy FY17 Congressional Budget Request, Power Management Administrations. Southwestern -at 29

⁵⁶ Id.

⁵⁷ Department of the Energy FY17 Congressional Budget Request, Power Management Administrations. Southwestern -at 7

⁵⁸ Id.

⁵⁹ Lane, Nic. “Power Marketing Administrations.” January 2007. Congressional Research Service, document RS22564.

⁶⁰ Testimony of Mr. Kenneth Legg, Administrator, Southeastern Power Administration, before the House Subcommittee on Water, Power and Oceans. 24 March 2015. Pg. 1

⁶¹ Department of the Energy FY17 Congressional Budget Request, Power Management Administrations. Southeastern-at 9

million) over the FY16 enacted level,⁶² and supports 12,211 FTEs which is an increase of seven over FY16,⁶³ **an increase of nearly 1,100** over FY15,⁶⁴ and a decrease of 161 over FY12.⁶⁵ This includes \$2.3 billion for the National Environmental Satellite Data and Information Service, \$1.12 billion for the National Weather Service, \$1.02 billion for the National Marine Fisheries Service, \$570 million for the National Ocean Service, and \$519 million for Oceanic and Atmospheric Research.⁶⁶

Ecosystem-based management – The FY17 budget request includes increases in a number of accounts that are aimed at “coastal resilience,” and shows a fundamental shift in NOAA to “ecosystem-based” management of our coastal and ocean resources. Regional Coastal Resilience Grants see an increase to \$15 million, up from just \$5 million in FY16.⁶⁷ The budget also provides \$149 million for Ecosystem-based Solutions for Fisheries Management,⁶⁸ and \$5 million in funding for Ecosystem-based Solutions for Coastal Resilience.⁶⁹ The FY17 budget request advances NOAA’s shift toward the use of “ecosystem-based management” approaches in habitat and fisheries management. Through Executive Order 13547, which establishes President Obama’s National Ocean Policy, Coastal and Marine Spatial Planning is defined as a “comprehensive, adaptive, integrated, ecosystem-based” process.⁷⁰ President Obama’s National Ocean Policy Implementation Plan⁷¹ further builds on this approach, urging agencies to use ecosystem-based approaches to protect, conserve and restore coastal and ocean habitats.

Sanctuaries and Marine Protected Areas – The budget includes \$49.8 million and 186 FTEs for sanctuaries operations.⁷² The National Ocean Service manages one Marine National Monument and 13 marine sanctuaries, covering a total of 172,000 square miles⁷³ of ocean. The National Ocean Service also manages 1,600 Marine Protected Areas (MPA) in U.S. waters and the Great Lakes, which NOAA estimates encompasses roughly 41 percent of the U.S.’s oceans.⁷⁴

In September 2014, President Obama, citing his authority under the Antiquities Act, made a Presidential Proclamation⁷⁵ to expand the Pacific Remote Islands Marine National Monument from 87,000 square miles to nearly 782,000 square miles.⁷⁶ Additionally, in September 2015, the Administration announced that it was considering designating a new Marine National Monument

⁶² [Department of Commerce FY 2017 Budget Justification - 68](#)

⁶³ Id at 68

⁶⁴ Id at 68

⁶⁵ [National Oceanic and Atmospheric Administration FY 2013 Budget Justification – Control Table 21](#)

⁶⁶ [National Oceanic and Atmospheric Administration FY 2017 Budget Justification – Control Table 21](#)

⁶⁷ Id at NOS-63

⁶⁸ Id at NMFS-44

⁶⁹ Id at NOS-45

⁷⁰ [Press Release, White House, Executive Order 13547 – Stewardship of the Ocean, Our Coasts, and the Great Lakes, July 2010.](#)

⁷¹ [National Ocean Council, National Ocean Policy Implementation Plan, April 2013, page 15](#)

⁷² [National Oceanic and Atmospheric Administration FY 2017 Budget Justification – Control Table 1](#)

⁷³ Id at NOS-31

⁷⁴ <http://oceanservice.noaa.gov/ecosystems/mpa/>

⁷⁵ [Press Release, The White House, Presidential Proclamation – Pacific Remote Islands Marine National Monument Expansion, September 2014.](#)

⁷⁶ [The Washington Post: Obama Proposes Vast Expansion of Pacific Ocean Sanctuaries for Marine Life, June 2014.](#)

off of Cape Cod, Massachusetts.⁷⁷ On October 5, 2015 President Obama announced the two new marine sanctuaries, the first new designations in 15 years.⁷⁸ The two Sanctuaries, one in Lake Michigan off of Wisconsin, and one in Mallow's Bay, Maryland cover 875 and 14-square miles, respectively.

Infrastructure Investment – The budget requests \$393 million, an increase of \$23 million in FY16, to continue development of the new “Polar Follow On” satellite system to replace the current generation of NOAA satellites.⁷⁹ The request also includes \$24 million to finish design and construction of a new Regional Survey Vessel to accompany the \$80 million received in FY 2016.⁸⁰

Protected Resources Science and Management – The budget requests \$216 million for activities mandated by the Endangered Species Act (ESA) and the Marine Mammal Protection Act (MMPA), an increase of \$31.8 million over the FY16 enacted level. The request also includes an increase of 26 FTEs to support “consultation and permit capacity” under the ESA and MMPA.⁸¹

Coastal Resiliency – The budget requests \$20 million to expand the Regional Coastal Resilience Grant program in FY17, an increase of \$15 million over the FY16 enacted level. This funding will be used to support regional action plans to address hazard mitigation, land use, and climate adaptation.⁸²

Catch Shares – The FY17 budget includes \$27.7 million for the development and implementation of new catch share fishery management programs, an increase of \$2.5 million over FY16. This funding supports 16 fisheries currently under the catch share quota management program.⁸³

Marine Mammals, Sea Turtles and Other Species – NOAA’s budget requests an increase of \$13 million and 26 new FTEs to increase consultation and permitting capacity mandated under the ESA and MMPA, for a total of \$125 million and 490 FTEs.⁸⁴

Highlights of the U.S Fish & Wildlife Service’s Budget Request:

FY16 President’s Request	\$2.96 Billion
FY16 Enacted	\$2.85 Billion
FY17 President’s Request	\$3.03 Billion

⁷⁷ [NOAA Town Hall in Providence, Rhode Island: September meeting to discuss deep-sea canyons and seamounts, press release, September 3, 2015](#)

⁷⁸ [Department of Commerce: President Obama Announces Two Possible New Marine Sanctuaries in Maryland and Wisconsin, press release, October 5, 2015](#)

⁷⁹ [National Oceanic and Atmospheric Administration FY 2017 Budget Justification – NESDIS-64](#)

⁸⁰ Id at ix

⁸¹ Id at Exhibit 10-2

⁸² Id at NOS-63

⁸³ Id at NMFS-59

⁸⁴ Id at NMFS-11

The FWS is responsible for implementing the 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 563 national wildlife refuges⁸⁵ and 73 national fish hatcheries.⁸⁶ The President's FY17 budget request for FWS is \$3.03 billion, a \$178 million increase over the FY16 enacted level. The budget request also provides for **an increase of 235 FTEs** and 8,974 total FTEs for FY17,⁸⁷ which is a decrease of 394 over FY 2012 FTEs.⁸⁸

Gulf of Mexico Energy Security Act (GOMESA) – The Departments of Interior and Commerce introduced a joint legislative proposal in their respective FY17 budget requests to restructure how GOMESA revenue-sharing payments are distributed to states. Currently, under the Act, 37.5 percent of Outer Continental Shelf (OCS) revenue is distributed among the five Gulf States. Under this joint proposal, the Administration would like to take these and allow them to be used by all states for natural resource and watershed conservation and to support other national priorities such as the Land Water Conservation Fund and Federal coastal restoration and resilience programs.⁸⁹

Law Enforcement – The FY17 budget requests \$75 million and 322 FTEs for law enforcement, which is level with FY16 enacted.⁹⁰ This funding supports Service efforts to combat illegal trade through inspecting foreign and certain domestically harvested seafood species destined for consumption such as sea urchins, sea cucumbers, squid and octopus.

National Fish Hatchery System – Requests \$53.7 million for operation of the National Fish Hatchery System, an increase of \$341,000 above FY16 levels to support operations at 72 National Fish Hatcheries, one historic National Fish Hatchery, 9 Fish Health Centers, and 7 Fish Technology Centers.⁹¹ FWS also seeks \$1.5 million increase for “fish passage improvements.”⁹²

Planning and Consultation – The FY17 budget requests \$105 million and 709 FTEs for Planning and Consultation actions, an increase of \$5.6 million and 32 FTEs over FY16 enacted. This includes \$3 million and 20 new FTEs to review and consult on Gulf of Mexico restoration projects being funded under the Deepwater Horizon and RESTORE Act funds.⁹³

⁸⁵ [U.S. Fish and Wildlife Service FY 2017 Budget Justification – NWRS-2](#)

⁸⁶ Id at FAC-5

⁸⁷ Id at EX-5

⁸⁸ [U.S. Fish and Wildlife Service FY 2013 Budget Justification – GS-3](#)

⁸⁹ [Department of Interior FY 2017 Budget Justification – DC-62](#)

⁹⁰ [U.S. Fish and Wildlife Service FY 2017 Budget Justification – LE-2](#)

⁹¹ Id at FAC-5

⁹² Id at FAC-14

⁹³ [U.S. Fish and Wildlife Service FY 2017 Budget Request – ES-7](#)