STATEMENT OF DIRK KEMPTHORNE, SECRETARY OF THE INTERIOR
BEFORE THE SENATE COMMITTEE ON ENERGY
AND NATURAL RESOURCES
ON THE 2009 PRESIDENT'S BUDGET REQUEST

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Mr. Chairman and members of this Committee, it is a pleasure to appear before this Committee today to discuss the President's 2009 budget for the Department of the Interior and to update you on our progress in implementing our 2008 programs. Before I get into the details of our 2009 budget, I'd like to thank you for the support you've given me over the past two years. I am particularly appreciative, Mr. Chairman, that you and Senator Akaka sponsored the Administration's proposed National Park Centennial Challenge Fund Act.

As you know, this is one of my top priorities. The Centennial Initiative proposes $3 billion in new funds for the National Park Service over the next ten years. Included in the Centennial Initiative is the "Centennial Challenge" – the challenge to individuals, foundations, and businesses to contribute at least $100 million annually to support signature programs and projects. Each year, donations would be matched by up to $100 million of Federal funding from the National Park Centennial Challenge Fund, the mandatory spending fund that would be established under S. 1253.

When I appeared before you last year, I was asked why I thought we could raise more philanthropic donations than we typically had been – around $27 million annually. This notebook contains the 321 written letters of commitment from Americans across the country pledging $301 million dollars of their money for Centennial projects. Once Congress approves the Centennial Challenge Matching Fund legislation, those pledges and the matching Federal funds will be available to benefit parks all around the country – large parks, small parks and parks in between. We have the goals, we have the projects. What is needed now is for Democrats and Republicans in Congress to pass the National Park Centennial Challenge Fund Act. National Parks are not a Republican issue. They are not a Democrat issue. They are an American issue. Once this legislation is passed, it will be my responsibility to ensure that every philanthropic and public dollar is well spent.

I greatly appreciate the support Congress has already shown for the Centennial Initiative. The FY 2008 Interior appropriations bill contains the $122 million in additional operations funding, which our parks will use to hire 3,000 seasonal national park rangers, guides, and maintenance workers; repair buildings; enroll more children in Junior Ranger and Web Ranger programs at the parks; and expand the use of volunteers in parks. In addition, the 2008 appropriation included $24.6 million in discretionary funding to match private philanthropic contributions for signature projects and programs, so that we can pilot the concept while the Congress works on passage of the Centennial Challenge authority.

I look forward to continuing our collaborative relationship with the Congress as we pursue this and our other priorities and address emerging challenges of water scarcity, ocean management, declining bird populations, and borderland security.

Introduction

The Department of the Interior's mission is complex and multifaceted. Our programs and mission stretch from the North Pole to the South Pole and across twelve time zones, from the Caribbean to the Pacific Rim. Our extensive mandate rivals any government agency in its breadth and diversity – and its importance to the everyday lives of Americans. In a recent poll of Federal agencies, the Department of the Interior received the highest rating for its public service.

Nearly every American lives within a one-hour drive of lands or waters managed by the Interior Department. With 165,000 facilities at 2,400 locations, Interior is second only to the Department of Defense in managed assets. The Department's law enforcement agents, over 4,000, comprise the third largest civilian law enforcement presence in the Federal government.

Approximately 31 million people in the West rely on drinking water provided through water systems managed by the Department. Interior irrigation systems deliver water to farmers who generate over half of the Nation's produce.

The lands and waters we manage generate one-third of the Nation's domestic energy production. Managing these areas, Interior generates $18 billion annually in revenues that exceeds Interior's $10.7 billion appropriated budget.

Interior fulfills special responsibilities to Native Americans as the manager of one of the largest land trusts in the world—over ten million acres owned by individual Indians and 46 million acres held in trust for Indian Tribes. In addition to lands managed in trust, the Department manages over $3.3 billion of funds held in over 1,800 trust accounts for approximately 250 Indian Tribes and over 370,000 open Individual Indian Money accounts. Interior also operates one of only two school systems in the Federal government, the Bureau of Indian Education school system. The Department of Defense operates the other. A total of $65.5 billion in revenues from offshore and onshore mineral leases collected from 2001 to 2007 provided resources for Tribes, States infrastructure and other Federal programs.

Overview of the 2009 Budget

The 2009 budget request for current appropriations is $10.7 billion, $388.5 million or 3.5 percent below the level enacted by Congress for 2008, excluding fire supplemental funding, but $59.0 million above the amount requested in the 2008 President's budget. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional $6.0 billion, for a total 2009 Interior budget of $16.7 billion. Including permanent funding and excluding 2008 fire

supplemental funding, the 2009 budget for Interior is slightly above 2008 amounts.

The 2009 request includes $9.8 billion for programs funded within the Interior, Environment and Related Agencies Appropriation Act. Excluding fire supplemental funding, this is a decrease of $198.9 million, or 2 percent, below the level enacted for 2008. The 2009 request for the Bureau of Reclamation and the Central Utah Project Completion Act, funded in the Energy and Water Development Appropriations Act, is $961.3 million, $189.6 million below the level enacted for 2008.

The 2009 budget sustains and enhances funding for parks and public land health, the safety of Indian communities, and Indian education. The 2009 budget funds these initiatives and addresses other nationally significant issues within a budget that maintains the President's commitment to fiscal restraint. We focus funding on these priorities while proposing reductions in construction and land acquisition, as well as programs that are duplicative or receive funding from alternative sources. We also propose to cancel some unobligated balances.

In 2009, Interior will continue an exemplary record of producing revenue for the U.S. Treasury. The estimate for revenue collections by the Department in 2009 is $18.2 billion, an amount that exceeds Interior's current budget request. In 2008, the estimated collection of revenue is $18.2 billion, along with $2.2 billion in royalty oil that will be provided to the Department of Energy for the Strategic Petroleum Reserve. Our estimates do not fully reflect the increased value of the bidding on the February 6 Chukchi Sea lease sale, which generated unexpectedly high bids of more than $2.6 billion. The sale was the most successful in Alaska's history based on the number of bids received and tracts receiving bids.

The 2009 budget assumes the enactment of several legislative proposals, many of which were presented in the 2008 President's budget, including legislation that would open the 1002 area of the Arctic National Wildlife Refuge to exploration, and the National Park Centennial Challenge Fund Act. The 2009 budget also assumes enactment of legislation that would authorize an increase in the price of the Federal Duck Stamp to $25. I will discuss the details of these proposals later in the testimony.

The Challenges Ahead

Interior's responsibilities are expanding as the Nation looks to its public lands for energy, water, wildlife protection, and recreation. Since 2001, the Nation has created 13 new parks and 15 wildlife refuges. Population has grown dramatically near once-rural or remote public lands, increasing access to public lands and complicating land management. In the last ten years, 60 percent of the new houses built in America were located in the wildland-urban interface. Changing land conditions, including the effects of a changing climate, have heightened threats from fire and other natural hazards, complicating land management.

The Department is improving program efficiency, setting priorities, and leveraging

Federal funds through partnerships and cooperative conservation to meet these challenges. Interior's accomplishments have been many and varied, with noteworthy advances in management excellence.

Interior has made progress on all dimensions of the President's management agenda – a result achieved despite decades-long challenges in Indian trust management, a highly decentralized organization structure, and a highly dispersed workforce. In 2001, Interior had 17 material weaknesses reported in the annual financial and performance audit. With the annual audit just completed for 2007, we have eliminated *all* material weaknesses. Despite these successes, as public lands become increasingly important to the economy, national security, and the public, continued success will require a strategic focus of resources to address emerging challenges, achieve key priorities, and maintain current levels of success.

Interior's Accomplishments

The Department's accomplishments exemplify Interior's core values: **Stewardship for America with Integrity and Excellence.** Our achievements, in combination with an outstanding workforce, create a strong foundation for continued stewardship of the Nation's resources. Since 2001, the Department has:

- Restored or enhanced more than 5 million acres and 5,000 stream and shoreline miles through cooperative conservation.
- Restored, improved, and protected wetlands to help achieve the President's goal to protect, enhance, and restore 3 million acres by 2009.
- Improved park facilities for visitors by undertaking over 6,600 projects at national parks and earning a 96 percent satisfaction rate from park visitors.
- Reduced risks to communities from the threat of catastrophic fire, conducting over 8 million acres of fuels treatments on Interior lands through the Healthy Forests Initiative.
- Enhanced energy security by more than doubling the processing of applications for permits to drill and increased the production of renewable energy with new wind, solar, and geothermal projects.
- Awarded $9.8 million to 140 Preserve America projects involving public-private partnerships that serve as nationwide models for heritage tourism, historic preservation, education, and other Federal programs.
- Leveraged a four-to-one investment through a water conservation challenge grant program, generating more than $96 million for 122 water delivery system improvements and conserving over 400,000 acre-feet of water to help meet the water needs of people across the West.
- Completed planned lease sales and generated a new five-year plan for 2007-2012 that opens up an additional 48 million acres to leasing and has the potential to produce ten billion barrels of oil and 45 trillion cubic feet of natural gas over the next 40 years, enough to heat 47 million homes for 40 years. The October 2007 Central Gulf of Mexico OCS lease sale generated $2.9 billion, $1.6 billion more than originally estimated.

- Removed the American bald eagle from the endangered species list and put in place a set of management guidelines to secure the future of our Nation's symbol.
- Advanced protection of the Papahānaumokuākea Marine National Monument in Hawaii, the largest marine protected area in the world, with the publication of regulations codifying management measures.
- Hosted over 464 million visitors to parks, refuges, public lands, and Bureau of Reclamation sites and increased the number of fishing programs on refuges by 24 and the number of hunting programs on refuges by 34.
- Established a new Recreation Reservation Service, a unified pass to public lands, and clarified entrance and recreation fees, in coordination with other agencies.
- Distributed over $79 million to individual Indian money account holders whose whereabouts were previously unknown and archived 400 million pages of trust documents in a state-of-the-art facility.

Our 2009 budget continues investments the Congress provided in 2008 for our top priorities. We continue our Centennial Initiative with record funding levels for park operations. We propose to augment funding for our landscape-scale Healthy Lands Initiative to protect wildlife and assure access to energy resources on public lands. We propose to sustain funding increases in 2008 to combat the methamphetamine scourge in Indian country and improve education programs for students in Indian schools.

Fulfilling the President's commitment to cooperative conservation, since 2001, the Department has provided $2.5 billion in conservation grants to achieve on-the-ground protection, restoration, and enhancement of lands and waters with partners. This commitment continues with $321.7 million requested in 2009 for challenge cost share and partnership programs that leverage Federal funding, typically more than doubling the Federal investments with matching funds.

We also propose four new initiatives. We request an increase of $21.3 million for the Water for America initiative that will enhance knowledge of water resources and improve the capacity of water managers to avert crises caused by water supply issues and better manage water resources to assist in endangered species recovery. We will advance efforts to improve the status of birds, including migratory birds, and avert further declines in bird populations with an increase of $9.0 million for a Birds Forever initiative. The budget continues the $35.9 million refuge funding increase provided by the Congress in 2008, which will restore 200,000 acres of bird habitat. The 2009 budget seeks an increase of $7.9 million to collect data that is needed to define U.S. jurisdiction of the extended continental shelf under the Law of the Sea, protect wildlife and habitat in ocean environments from marine debris, and conduct high priority research to support coastal restoration. Lastly, the 2009 budget includes $8.2 million to increase the protection of employees, visitors, lands and resources that are increasingly at risk from illegal activities at parks, refuges, public lands, and Indian lands along the border with Mexico.

The National Parks Centennial

Last May, we responded to the President's charge to prepare for the National Park Service's 100th anniversary. Our report to the President on the National Parks Centennial

initiative encompassed the ideas and input from 40 listening sessions and 6,000 public comments. The report frames the ten-year effort to strengthen visitor services and other programs in parks in time for the National Parks Centennial. On August 23, 2007, we announced more than 200 centennial proposals eligible as potential partnership projects in national parks as part of the National Parks Centennial Challenge.

In 2009, our budget continues the President's commitment to the parks with a historic $2.1 billion budget request for the Operation of National Parks. This increase of $160.9 million, or 8 percent above the 2008 enacted level would provide the largest budget ever for park operations. Cumulatively over two years, park operations increase by 15 percent. This funding will allow the parks to preserve our Nation's natural and cultural heritage, improve the condition of parks and park facilities, and prepare a new generation of leaders to guide NPS into the 21st century. The budget also supports the President's proposed Centennial Challenge matching fund of up to $100 million annually.

The 2009 budget will continue to build park operational capacity, including increases for core operations, facility management, U.S. Park Police operations, and youth partnership programs. The increase will improve the health of natural and cultural resources and continue to bring park assets into good condition using a predictive maintenance cycle. We will also develop a 21st century workforce with enhanced organizational capacity and employee development through a professional development program, performance management tools, and an expanded safety program. I am committed to addressing management issues raised in a recent report of our Inspector General on the U.S. Park Police.

Complementing park operations, the 2009 budget includes a combined $25.0 million for Preserve America and Save America's Treasures. Launched in 2003 by the President and First Lady, the Preserve America initiative encourages States and local communities to partner with the Federal government to preserve the multi-textured fabric of America's story. The Administration has submitted legislation to the Congress to permanently authorize the Preserve America and Save America's Treasures programs. To date, 585 communities in all 50 States and the U.S. Virgin Islands have been designated as Preserve America communities.

Through $9.8 million appropriated to the National Park Service through 2007, the program has supported 140 projects in communities throughout America. The 2008 appropriation will support an additional 95 projects. The 2009 budget request includes $10.0 million for Preserve America grants, an increase of $2.6 million over the 2008 enacted level. The budget also provides $15.0 million for Save America's Treasures grants, $4.0 million more for competitive grants than what was appropriated in 2008.

Healthy Lands Initiative

In 2007, the Department initiated the Healthy Lands Initiative – a major, long-term effort to improve the health of public and private lands in the West. Through the Healthy Lands Initiative, Interior agencies are working with State and local governments, private

landowners and other interested groups to conserve and restore vital habitat. This Initiative will preserve our public lands for recreation, hunting and fishing, and for their significant habitat for species, while helping to secure energy for this Nation. The Healthy Lands Initiative takes, for the first time, a landscape-scale approach to restoration and land-use planning. The Initiative considers the health of the land at a landscape scale instead of acre by acre.

Using $3.0 million in 2007 as a model for our Healthy Lands Initiative, BLM funded improvements to 72,000 acres of BLM land. The investments improved wildlife habitat conditions on 45,896 acres of shrubs, grass and woodland; reduced woody fuels and improved the composition of herbaceous vegetation on 18,377 acres outside the wildland urban interface and 4,986 acres within the interface; and improved 580 acres of wetlands. BLM leverage this funding with partner investments to treat additional acres within the same critical watersheds on non-BLM lands.

With Congress's support for the initiative, in 2008 we will be expanding these efforts to $7.9 million and improving the health of Western landscapes impacted by drought, wildfire, weed invasions, and stresses associated with population growth and increased development and use of the public lands. The Healthy Lands Initiative will restore and maintain habitat for many species such as the sage grouse, a species almost entirely dependent on sagebrush ecosystems. Some 72 percent of sage grouse habitat is under Federal management. The current range of the greater sage grouse has declined an estimated 45 percent from the historically occupied range, prompting recent petitions to list the species under the Endangered Species Act. The Initiative will also focus on protecting wildlife corridors as we take a holistic perspective in our land use planning process for energy development and recreation.

The 2009 budget provides $21.9 million for the Healthy Lands Initiative, an increase of $14.0 million over the 2008 enacted level, including an increase of $10.0 million that BLM will deploy to accelerate and increase efforts at the original six geographic focus areas; expand one of the focus areas; and add a seventh focus area in California. The Initiative includes increases of $3.5 million for USGS and $492,000 for FWS to provide critical scientific support and complement BLM's on-the-ground conservation and restoration efforts.

Safe Indian Communities

Despite the fact that the Bureau of Indian Affairs falls under the jurisdiction of the Senate Committee on Indian Affairs, the programs of the BIA are of interest to many Senators on this Committee. In 2008, Interior proposed the Safe Indian Communities initiative to help Indian Country resist organized crime and foreign drug cartels. These cartels have taken advantage of the widely dispersed law enforcement presence on tribal lands to produce and distribute drugs, resulting in a violent crime rate in some communities that is ten to 20 times the national average.

The 2008 enacted appropriation provided increases totaling $23.6 million for the Safe Indian Communities initiative to increase our capacity to combat this growing epidemic. In 2009, we sustain this funding and request an additional $2.9 million, for a total Safe Indian Communities initiative of $26.6 million. With a cumulative investment of $50.2 million over two years, Interior will assist Tribes to suppress the production and distribution of methamphetamine by organized crime and drug cartels, address related effects including drug abuse, child neglect and abuse, and increase staffing at detention centers.

In 2009, Interior will provide: 1) additional officers for law enforcement; 2) specialized drug training for existing officers; 3) public awareness campaigns for the Indian public; 4) additional resources to protect tribal lands located on the United States border; and 5) additional social workers. Combined, the 2008 and 2009 funding increases will put 193 additional law enforcement agents on the ground in targeted communities in Indian Country and invest in more training for the current force to more effectively combat the problem. The BIA will also expand the use of a mobile meth lab to train tribal police and others about methamphetamine labs, environmental and personal safety hazards, and interdiction and investigation strategies. Funding will target communities based on a needs analysis that looks at the violent crime rate, service population, and current staffing levels.

Improving Indian Education

In 2008, Interior proposed the $15.0 million Improving Indian Education initiative to enhance student performance in Bureau of Indian Education schools. As one of just two Federal school systems, the BIE system of 184 schools should be a model of excellence and achievement of the goals of the No Child Left Behind Act. Student performance, however, has lagged. In 2006, just 30 percent of Indian schools were achieving their annual progress goals. Through this initiative, the Department is implementing a set of education program enhancements to increase the number of schools reaching adequate yearly progress goals to 33 percent by 2009. Though we still have much work to do, our assessment for 2007 shows 31 percent of schools now achieving Annual Yearly Progress.

The 2008 appropriation provided an increase of $24.1 million over the 2007 level for programs to improve student achievement. Our 2009 budget continues the increased funding Congress provided for these programs and adds another $1.4 million over 2008 for certain activities for a total of $25.5 million. This request includes $5.2 million for Education Program Enhancements to restructure schools under the No Child Left Behind Act and for reading programs, tutoring, mentoring, and intensive math and science initiatives. In 2008, Congress provided $12.1 million for these enhancements. With the 2008 boost in funding and the continued $5.2 million in 2009, BIE will focus on improved student achievement. The budget also includes a $6.3 million increase in funds allocated to all schools to improve per student funding. Funding allocated by formula is the primary source of funding for BIE's 170 elementary and secondary schools and 14 dormitories. This funding directly supports all schools for core costs of operating education programs such as salaries for teachers, aides, administrators, and support staff;

supplies; and classroom materials.

The 2009 budget increases funding for four new initiatives: Water for America, Birds Forever, Ocean and Coastal Frontiers, and Safe Borderlands.

Water for America

In 2007, the National Science and Technology Council reported that "abundant supplies of clean, fresh water can no longer be taken for granted." The Council of State Governments echoed this concern, concluding that "water, which used to be considered a ubiquitous resource, is now scarce in some parts of the country and not just in the West... The water wars have spread to the Midwest, East, and South, as well."

Competition for water is increasing because of rapid population growth and growing environmental and energy needs. These water needs are escalating at a time of chronic drought and changes in water availability resulting from a changing climate.

In 2009, our budget includes an increase of $21.3 million for a Water for America initiative to help communities secure reliable water supplies through information, technologies, and partnerships. This collaborative effort, which involves the Bureau of Reclamation and the U.S. Geological Survey, will help address the water needs of the nation.

Knowing how much water is available—and how much we consume—lies at the foundation of good water management. Yet this Nation has not completed a water census in over three decades. Our Water for America initiative will fill this void. The U.S. Geological Survey request includes an additional $8.2 million to begin funding the first water census in 30 years. USGS will begin a nationwide assessment of water availability, water quality, and human and environmental water use. The census, planned for completion by 2019, will generate information to assist others in managing water in a context of competing demands. The census will provide a national groundwater information system, new technology that integrates surface and groundwater information, and better measurements that result in better management of water resources.

For more than 100 years, USGS has collected, managed and disseminated data on stream behavior. The USGS operates its streamgaging network of 7,000 gages in cooperation with State, local, municipal, and tribal partners. The 2009 budget will modernize 350 gages and re-establish 50 gages discontinued in the past two decades to improve capability to ensure a consistent, historical record of streamflow.

The Bureau of Reclamation will recast its water conservation programs and will merge Water 2025 and the Water Conservation Field Services program to stimulate water conservation and improved water management through an integrated approach that addresses urban, rural, and agricultural uses of water throughout the West. Through the use of West-wide criteria to competitively award grants, this new water conservation challenge grant program will stretch water supplies through water conservation,

technology, reuse and recycling, and new or improved infrastructure development. This program will leverage $15.0 million in Federal dollars with State and local funds. We will also protect endangered species and their habitats while protecting water for traditional purposes with an increase of $8.9 million. Funding will be used to acquire water to increase flows in the Platte River; improve tributary habitats for spawning on the Columbia and Snake Rivers; restore habitats on the Yakima River basin, the Middle Rio Grande River, and the Klamath basin, and improve endangered species conditions in the California Bay-Delta.

The Bureau of Reclamation's 2009 budget request of $919.3 million is offset by $48.3 million in funds from the Central Valley Project Restoration Fund Offset. This request supports Reclamation's mission of managing, developing, and protecting water and related resources in an environmentally and economically sound manner in the interest of the American people. The budget emphasizes reliable water delivery and power generation by requesting more than $396 million to fund operation, maintenance, and rehabilitation activities at Reclamation facilities.

To address important infrastructure funding needs, the budget includes an increase of $15.5 million for the Bureau of Reclamation's Safety of Dams program. This will allow the Bureau to address correction actions at Folsom Dam and other high priority projects.

Reclamation is currently developing programmatic criteria for a Rural Water Program as required under the Reclamation Rural Water Supply Act of 2006. Reclamation expects to begin appraisal level studies in 2009. The 2009 budget includes $39.0 million for two ongoing authorized rural water projects: $24 million supports the Administration's commitment to complete construction of ongoing rural water projects including ongoing municipal, rural and industrial systems for the Pick Sloan-Missouri Basin Program – Garrison Diversion Unit in North Dakota and the Mni Wiconi Project in South Dakota. The first priority for funding rural water projects is the required operations and maintenance component, which is $15.0 million for 2009. For the construction component, Reclamation allocated funding based on objective criteria that gave priority to projects nearest to completion and projects that serve tribal needs.

The $50.0 million budget for Animas-La Plata funds the completion of major project components including the Ridges Basin Dam, Durango Pumping Plant, and Ridges Basin Inlet Conduit; enables the Bureau to begin filling Lake Nighthorse; and begins construction of the Navajo Nation Municipal Pipeline.

The Bureau will complete removal of the Savage Rapids Dam in 2009. The budget includes $22.7 million for the Middle Rio Grande project to continue to focus on the protection and recovery of the silvery minnow and southwestern willow flycatcher.

The budget request for CALFED is $32.0 million, continuing implementation of priority activities that will resolve water conflicts in the Bay-Delta of California. Funds will be used for the environmental water account, storage feasibility studies, conveyance

feasibility studies, science, implementation of projects to improve water quality, and overall program administration.

Birds Forever

In June 2007, the National Audubon Society issued a report, *Common Birds in Decline*, based on analysis of the Society's Christmas bird counts and breeding bird surveys performed by the U.S. Geological Survey. The report indicated significant declines occurring in 20 common species. On average, populations of common birds have plummeted 70 percent since 1967.

As manager of one-fifth of the nation's lands, Interior, working with this Nation's citizens, can help reverse these declines. Since 2004, Interior has improved the status of five migratory bird species. Current efforts focus on ensuring that more than 62 percent of the nation's migratory bird species thrive at sustainable levels. I understand that the U.S. Fish and Wildlife Service (FWS) and the Migratory Bird Treaty Act are subject to the jurisdiction of the Committee on the Environment and Public Works. However, I would like to briefly focus on the FWS budget and our Birds Forever initiative.

On October 20, 2007, the President announced a new effort to conserve migratory birds. This effort included cooperative conservation with Mexico to protect birds that know no border, expanded migratory bird joint ventures, and production of a State of the Birds report. The Department's Birds Forever initiative builds upon the President's initiative.

Our budget sustains the FWS refuge budget increase of $35.9 million provided by the Congress in 2008. Conserving migratory birds is a primary goal of the Refuge System and the increased funding in 2008 will support migratory bird conservation and habitat protection. More than 200,000 acres of habitat will be improved, some of which will directly benefit migratory birds.

Our 2009 budget also proposes to improve the status of wild birds, including migratory birds, and avert further declines in populations with $9.0 million in increased funding for FWS joint venture partnerships, inventory and monitoring, and habitat restoration programs and the U.S. Geological Survey's strategic habitat conservation and monitoring efforts such as the breeding bird survey. These funds, together with refuge increases, will help reverse the decline in bird populations by focusing on species of greatest concern and leveraging Federal investments through partnerships.

The initiative targets 36 species that are part of the FWS Focal Species Strategy. By emphasizing these priority species, benefits will accrue to other species as well because they often have similar conservation needs and utilize the same habitats. Employing this strategy, FWS and USGS will improve understanding of these species, restore habitat, and monitor species status and trends. Through collaborative projects with States and others, these efforts will lead to improved protection of habitats that are important to these bird species. Interior will complete action plans for 30 focal species and coordinate them with State Wildlife Action Plans.

Interior collaborative efforts with nonprofit organizations, State, and Federal programs through Joint Ventures will set conservation priorities and increase investments through extensive leveraging. Interior will focus on Joint Ventures along the coasts and central flyways including the Atlantic Coast, Texas and Gulf Coast, and Prairie Potholes and Playas. Working in coordination with these programs through the Birds initiative, States will be able to leverage their funds against federal grant program dollars to target multi-state bird conservation priorities. The Fish and Wildlife Service has signed Urban Bird Treaties with cities such as New Orleans and Houston to preserve bird habitat in urban environments. With five treaties in place, FWS will sign up more cities and promote partnerships that will conserve parks and tree islands for bird habitat and engage the citizens in conservation activities.

Ocean and Coastal Frontiers

Healthy and productive oceans, coasts, and Great Lakes waters are vital to America's prosperity and well-being. The President's U.S. Ocean Action Plan sets forth a pioneering vision for ocean management premised on regional partnerships, State leadership, and Federal coordination.

Interior has extensive ocean and coastal responsibilities, managing 35,000 miles of coastline, 177 island and coastal refuges, 74 park units comprising 34 million acres, 92 million acres of coral reef ecosystems that include 3.5 million acres of coral reefs, and 1.8 billion underwater acres of Outer Continental Shelf lands. Interior also assists the U.S. Territories and Freely Associated States in the management of 3.6 million square miles of oceans in the U.S. Territories and Freely Associated States. The Department also conducts the science needed to guide better decision-making in managing these resources.

The 2009 budget request includes $7.9 million to support the Department's diverse ocean, coastal, and Great Lakes program activities and to implement the highest priorities of the U.S. Ocean Action Plan. Included is an increase of $4.0 million for mapping the extended continental shelf to assure that the United States defines the boundaries for these areas potentially rich in energy and mineral resources.

Our budget also funds partnerships to reverse the trend of marine debris accumulating in waters and coasts of Midway Atoll National Wildlife Refuge and conserve coral reefs and improve ocean science at the Palmyra Atoll National Wildlife Refuge. Marine debris kills marine life, interferes with navigation safety, negatively impacts shipping and coastal industries, and poses a threat to human health.

Safe Borderlands Initiative

The Department's land management bureaus manage lands along 793 miles, or 41 percent, of the southwest border. This includes seven national wildlife refuges, six national parks, lands managed by the Bureau of Reclamation along 12 miles of the

border, and public lands managed by the Bureau of Land Management along 191 miles of the border. In addition, five Indian reservations are on the international boundary with Mexico.

These remote, once pristine landscapes are home to many unique plants and wildlife, some of which are endangered species. However, the situation along our international border with Mexico has changed. In some locations, our employees, residents, or visitors are facing significant risks from illegal activities and portions of the public lands are closed to visitors. Employees who live on site and residents of Indian communities contend with the potential threat of vandalism, theft, and confrontation with illegal activities. Wildlife populations and their habitats and cultural resources are affected and damaged by these activities.

Increased border enforcement in urban areas has resulted in a shift in the flow of illegal drugs and unauthorized people to rural areas and the lands managed by the Interior Department. The number of illegal aliens crossing public lands has increased 11-fold since 2001. Narcotic traffickers, smugglers, and other criminals, who operate extensively near the border, impact public lands and resources.

There has been loss to human life. National Park Service Ranger Kris Eggle was shot and killed in 2002 at Organ Pipe Cactus National Monument by a drug runner. At San Bernardino National Wildlife Refuge, drug smugglers threatened an officer and his family at his home if he didn't return a load of marijuana seized earlier in the day. These are not isolated incidents. Interior employees are concerned that they are under constant surveillance by drug smugglers who establish observation posts on our lands and are equipped with assault weapons, encrypted radios, night vision optics, and other sophisticated equipment. Employees cannot go to some areas of some of the parks, refuges, and other public lands without an escort. The impacts to lands and resources are extensive, including abandoned vehicles and personal property, roads and trails through sensitive areas, and elevated threats to at-risk species.

The Department is requesting an $8.2 million increase for our Safe Borderlands initiative to enhance safety of public land visitors, residents, and employees and reduce the impacts affecting Interior-managed lands along the southwest border. The Safe Borderlands initiative targets resources toward multiple bureaus and high-priority areas. The Department will coordinate border efforts among the land management bureaus and the Bureau of Indian Affairs, deploying additional law enforcement personnel into five high-priority areas with the highest safety risks. We propose to focus on Interior borderland responsibilities, including public lands management and visitor and employee safety.

We also propose to mitigate environmental damage along the southwest border. Trails and illegal roads made by smugglers are destroying cactus and other sensitive vegetation impacting the ecological health of many of the national parks, wildlife refuges, national monuments and conservation areas Interior manages. Projects include restoration of Arivaca Creek in the Buenos Aires National Wildlife Refuge; repairing and maintaining roads and trails on BLM lands; improving signage for visitors; assisting with

environmental compliance for border infrastructure projects; removing tons of abandoned personal property such as vehicles from bureau and tribal lands; and closing abandoned mine lands on BLM lands in New Mexico and California where illegal aliens hide.

Supporting the Department's Mission

The 2009 budget aligns resources to achieve these and other high-priority goals guided by the Department's integrated strategic plan. The Department's strategic plan links the Department's diverse activities into four common mission areas: Resource Protection, Resource Use, Recreation, and Serving Communities. A fifth area, Management Excellence, provides the framework for improved business practices, processes, and tools and a highly skilled and trained workforce.

Key to attaining these strategic goals is our 2009 request for fixed costs. Pay and benefits for the Department's 70,000 employees are a significant cost component of Interior's core programs, comprising 51 percent of operating budgets. The proportion of Interior's budget committed to personnel costs places it among the top three Federal agencies. This workforce composition largely reflects the need to maintain staff at the geographically dispersed locations that serve the public including 391 parks, 548 refuges, and 71 fish hatcheries.

Interior's programs by their very nature require staff. Interior continues to utilize the services of over 200,000 volunteers and extensive seasonal employees. However, the workforce capacity of the Department's programs is an essential ingredient for the uninterrupted delivery of programs and services to the American public.

The 2009 budget includes $142.5 million to keep apace with most increased costs in pay and benefits and other fixed costs. The pay and benefits component is $128.6 million, including a 3.5 percent 2008 pay raise, a 2.9 percent 2009 pay raise, and a 3.0 percent increase in health benefits. A total of $22.5 million in pay and health benefits costs is absorbed. There is a reduction of $16.9 million for one less pay day in 2009. The request fully funds nondiscretionary bills from others, including space rental costs and associated security charges; workers compensation and unemployment compensation; and centralized administrative and business systems, services, and programs financed through the Working Capital Fund.

Other Budget Priorities

In addition to the initiatives already highlighted, the 2009 budget includes funding for programs key to achieving the Department's goals and objectives:

Cooperative Conservation Programs — Through partnerships, Interior works with landowners and others to achieve conservation goals across the Nation that benefit America's national parks, wildlife refuges, and other public lands. The 2009 budget includes $321.7 million for the Department's cooperative conservation programs, $10.4 million more than the 2008 enacted level. These programs leverage Federal funding,

typically providing a non-Federal match of 50 percent or more. They provide a foundation for cooperative conservation to protect endangered and at-risk species; engage local communities, organizations, and citizens in conservation; foster innovation; and achieve conservation goals while maintaining working landscapes.

Challenge cost share programs in FWS, NPS and the Bureau of Land Management are funded at $18.1 million. These cost share programs provide resources to land managers to work with adjacent communities, landowners, and other citizens to achieve common goals through conservation and restoration of wetlands, uplands, riparian areas and other projects.

The 2009 cooperative conservation budget incorporates the Department's $21.9 million Healthy Lands initiative. Building on the $7.9 million enacted in 2008 for Healthy Lands, the 2009 budget increases resources for this multi-agency initiative to enlist States, local and tribal governments, industry and non-government entities to restore habitat on a landscape scale.

The 2009 budget for FWS cooperative conservation programs proposes $14.9 million for the Migratory Bird Joint Ventures program, including an increase of $4.0 million to focus on improving the status of focal species of birds as part of the Migratory Bird initiative. The 2009 budget also includes $13.2 million for the Coastal program, $48.0 million for the Partners for Fish and Wildlife program, $4.9 million for the Fish Passage program, and $5.2 million for the National Fish Habitat Action Plan.

The 2009 request for cooperative conservation programs includes $195.9 million for FWS grant programs, an increase of $1.9 million. This includes $42.6 million for the North American Wetlands Conservation Fund, an increase of $666,000 above the 2008 enacted level. The 2009 budget for the Cooperative Endangered Species Conservation Fund is $75.5 million (including $80.0 million in new budget authority reduced by a cancellation of $4.5 million in unobligated balances). This request is an increase of $1.7 million above the 2008 level. The 2009 budget includes $4.0 million for the Neotropical Migratory Bird program, a reduction of $470,000 from the 2008 level, and $73.8 million for the State and Tribal Wildlife Grant program, sustaining the 2008 funding level.

Enhancing Energy Security - The Interior Department helps to meet the Nation's energy needs and ensure energy security. Roughly one-third of the energy produced in the United States each year comes from Federal lands and waters managed by Interior. Interior's 2009 budget enhances energy security with a program that seeks to increase production while achieving important environmental protections, attaining energy conservation goals, and expanding the use of new technologies and renewable energy sources. The 2009 budget provides $528.1 million for energy-related programs, an increase of $15.1 million over the 2008 enacted level.

The BLM will continue to support implementation of Section 349 of the Energy Policy Act to address the environmental risks posed by legacy orphaned wells. The 2009 request includes an increase of $11.2 million for the remediation of the Atigaru site on

the Alaska North Slope. In addition, BLM will increase its capacity for conducting oil and gas inspections in 2009.

In 2009, as in 2008, legislation is proposed to repeal the permit processing fund and the prohibition on charging cost recovery fees for processing applications for permits to drill. Estimated cost recovery collections for Applications for Permit to Drill are $34.0 million in 2009, an increase of $13 million from the 2008 proposed level. The 2009 budget relies on permanent legislation to allow cost recovery for APDs, rather than the $4,000 APD fee included in the 2008 Consolidated Appropriations Act.

In 2009, MMS will apply $8.5 million to increase environmental studies, resource assessments, and leasing consultations in areas of new leasing activity in Alaska and the Gulf of Mexico as identified in the 2007-2012 Five Year Plan. These lease sales could produce as much as 10 billion barrels of oil and 45 trillion cubic feet of natural gas over the next 40 years, enough energy to heat 47 million homes for 40 years. With an additional $1.0 million, MMS will implement its alternative energy responsibilities by funding environmental work and permitting for offshore alternative energy projects. This increase builds on the increased funding level provided in 2008 for alternative energy and provides a total funding level of $6.6 million.

The MMS will also use a $1.1 million increase to improve its information technology system to keep pace with industry's use of geoscientific analysis of resources and ensure that lease bids meet their fair market value; provide $2.0 million for improvements to mineral revenue compliance operations; and apply $1.7 million to implementing automated interest billing, allowing MMS to streamline and expedite interest invoicing, enhance internal controls, reduce manual intervention, allow the closure of audit cases sooner, and redirect staffing to other high-priority projects.

Climate Change – With lands that range from the Arctic to the Everglades, Interior's managers are observing the sometimes dramatic effects of a changing climate, including melting permafrost and melting glaciers, apparent long-term changes in precipitation patterns, dust storms, and sea level rise. In this dynamic context, Interior managers need the information, tools and resources to understand on-the-ground landscape changes and develop strategies to adapt to these changes. As one of the largest land managers in the world, Interior is positioned to pioneer adaptive management approaches to address the effects of climate change.

Interior's science agency, the U.S. Geological Survey, has been an active participant in the Federal Global Climate Change Science project. In 2008, the Congress provided an increase of $7.4 million to expand high-priority research and establish a National Global Warming and Wildlife Science Center.

Work has begun to examine the most pressing issues faced by land managers, including the impacts of melting permafrost on energy and other infrastructure, modeling of watersheds to better manage timing and delivery of water by taking into account changing precipitation patterns, and investigation of the potential for geologic formations

to sequester carbon. Interior has also undertaken habitat restoration to promote carbon sequestration and has pioneered use of alternative energy and energy conservation in its facilities and transportation systems. Approximately 18 percent of Interior's facility electricity comes from alternative energy technologies, a ratio six times greater than required for the Nation in the Energy Policy Act.

The 2009 budget for the U.S. Geological Survey continues its climate change program of $31.4 million, sustaining $5.0 million of the increases enacted in 2008 by the Congress. The 2009 budget will focus on priority climate change needs to fill critical information gaps. The 2009 budget and the Department's climate change management priorities will benefit from the results of the Secretary's Task Force on Climate Change. The three subcommittees that comprise the task force will guide Interior's comprehensive approach to the study and modeling of the impacts of climate change on lands, waters, and wildlife, as well as guide adaptive management programs for the Department's land managers.

Indian Trust – From 1996 through 2008, the Department will have invested $4.4 billion in the management, reform, and improvement of Indian trust programs. These investments have allowed Interior to better meet fiduciary trust responsibilities, provide greater accountability at every level, and operate with staff trained in the principles of fiduciary trust management. The 2009 budget proposes $482.3 million for Indian trust programs. This amount includes a net program increase of $2.9 million over the 2008 enacted budget. The 2009 Unified Trust Budget reflects savings from the completion of certain trust reform tasks as well as new investments in probate services.

The 2009 budget of $482.3 million for Indian trust programs includes $181.6 million in the Office of the Special Trustee and $300.7 in the Bureau of Indian Affairs. The budget for Office of the Special Trustee includes $125.2 million for operation of trust programs, an increase of $1.2 million above the 2008 level. The 2009 budget proposal includes $56.4 million to support the Office of Historical Trust Accounting. The Office of Historical Trust Accounting, which is included in the Unified Trust Budget, plans, organizes, directs, and executes the historical accounting of 365,000 Individual Indian Money and Tribal Trust accounts. The OHTA expects to allocate approximately $40 million to historical accounting for individual Indian accounts, with the balance used for tribal trust accounting.

The remainder of the funding supports work on tribal trust cases, for a total of $16.4 million. At present, there are 102 tribal trust lawsuits, including a class action case seeking certification of a class of over 250 Tribes. The workload associated with these cases includes tribal reconciliation reports, document production, data validation, litigation support, analyses of mismanagement claims, historical accountings, and settlement negotiations.

The 2009 BIA budget provides $300.7 million to meet the requirements outlined in the Fiduciary Trust model and continue trust reform initiatives, including a funding increase of $10.6 million that will address a number of priorities activities including the probate backlog.

The 2009 budget also includes an increase $2.6 million for BIA and OST to meet the ongoing demand for probate services, while continuing to reduce the excess probate caseload. This funding increase will also support the Office of Hearings and Appeals and their role in resolving probate cases.

The 2009 budget reduces funding by $9.8 million and eliminates the Indian Land Consolidation program. Although the program is terminated in 2009 the Department will explore other options for addressing the critical issue of fractionation.

Financial and Business Management System – The Financial and Business Management System, an enterprise-level, integrated, administrative management system, is replacing the Interior Department's existing legacy systems. When fully implemented, the project will support the business requirements of all Interior bureaus and offices including core accounting, acquisition, personal property and fleet, travel, real property, financial assistance, budget formulation, and enterprise management information.

In 2006, the Minerals Management Service and the Office of Surface Mining were successfully migrated to the Financial and Business Management System. These bureaus are now conducting financial and accounting operations on this new system. In 2007, the acquisition module was deployed to MMS and OSM. In 2008, the Department anticipates that it will deploy core financial, acquisition, property, and grants components of FBMS to BLM. The 2009 budget request of $73.4 million includes an increase of $33.3 million for additional deployments that will eventually allow the Department to retire duplicative legacy systems currently in operation, including 27 acquisition systems, 16 finance systems, 43 vendor databases, and 107 property management systems.

Payments in Lieu of Taxes – PILT payments are made to local governments in lieu of tax payments on Federal lands within their boundaries and to supplement other Federal land receipts shared with local governments. The 2009 budget proposes $195.0 million for these payments, an increase of $5.0 million over the 2008 President's budget.

Legislative Proposals

The 2009 budget is accompanied by legislative proposals that will affect receipt or spending levels in 2009 or in future years. These proposals will be transmitted to the Congress for consideration by this Committee and other authorizing committees of jurisdiction.

Many of these legislative changes were presented in the 2008 President's budget, including proposals for: full payment of bonuses on all new coal leases at the time of lease sale, modification of the Federal Land Transaction Facilitation Act, net receipts sharing for energy minerals, discontinuation of the mandatory appropriation from the BLM Range Improvement Fund, reallocation of the repayment of capital costs for the Pick-Sloan Missouri Basin program, and authorization for the San Joaquin River Restoration settlement.

The budget also assumes the enactment of legislative proposals to repeal provisions of the Energy Policy Act related to permit processing, geothermal revenues and geothermal payments to counties, and ultra-deepwater research. The budget assumes enactment of legislation that would open the 1002 area of the Arctic National Wildlife Refuge to exploration with lease sales to begin in 2010, generating estimated bonus bids of $7 billion in 2010 and future streams of revenue from royalty collection once production commences.

The 2009 budget assumes enactment of legislation to provide a new, dedicated source of funding for the Centennial Challenge providing up to $100.0 million per year for ten years of mandatory funding to match contributions for projects and programs that will fulfill the commitment to prepare parks for their next century.

The 2009 budget also assumes enactment of legislation to authorize an increase in the price of the Federal duck stamp. The price of the stamp has remained at $15.00 since 1991. At the same time, the price of land has increased significantly in the past 17 years. The Duck Stamp fee increases will generate more revenues to support the acquisition of fee title and easement areas that would provide 17,000 additional acres of important breeding, migration resting, and wintering areas for birds.

The 2009 budget proposes to cancel $5.0 million from multiple accounts, as the balances have remained unused for some time. The budget proposes to cancel $24.7 million of balances in the Naval Oil Shale Reserve Account that are excess to the estimated remediation costs and to cancel $4.5 million in the Cooperative Endangered Species Fund for uncommitted funding that was recovered from funds surplus to project needs.

The 2009 budget proposes $34.0 million in increased cost recovery fees for the Bureau of Land Management oil and gas program and estimates an increase of $11.0 million in offsetting collections from rental receipts and cost recovery fees by the Minerals Management Service's OCS program.

Conclusion

Our 2009 budget will – in its entirety – make a dramatic difference for the American people. We will continue efforts to improve our national parks, protect our wildlife and its habitat, and make investments in Indian Country for safe communities and Indian education. In addition, we will help communities address water supply needs, conserve wild birds and ocean resources, improve the safety of public lands along the border for employees and visitors, and continue to address other ongoing mission priorities. We look forward to working with this Committee to enact the National Park Centennial Challenge Fund Act and the other legislative proposals needed to meet these challenges this year. This concludes my overview of the 2009 budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.